

The Pope dies after heart attack at Castelgandolfo

Paul VI died yesterday at his summer residence at Castelgandolfo, three hours after suffering a heart attack. He was 80 and had been Pope since 1963. The Pope, who had been ill with arthritis, died a heart attack while a Mass was being said at his bedside.

Troubled and crucial reign

Peter Nichols
Aug 6
Pope died of a heart attack at his lakeside residence in Castelgandolfo, three hours after suffering a heart attack. He was 80 and had been Pope since 1963. The Pope, who had been ill with arthritis, died a heart attack while a Mass was being said at his bedside.

Liberals in urgent talks on Thorpe candidature

By Geoffrey Browning
Political Staff

Mr Alan Beith, the Liberal Chief Whip, spent much of yesterday on the telephone in intense discussions with 11 of his parliamentary colleagues canvassing their views on Mr Thorpe's candidature.



Gold for swimmer: Sharron Davies, a 15-year-old swimmer from Plymouth, is congratulated by Lisa Curry of Australia after winning the 200 metres individual medley gold medal in the Commonwealth Games at Edmonston, Alberta, on Saturday.

Close struggle in all three finals, between England and New Zealand. England won the singles, New Zealand won the fours and the pairs were tied.

the Games, which began yesterday in the Commonwealth Stadium carried on the success of Canada with the first winner on the new track.

International nature of Curia may result in a non-Italian successor

Paul VI himself... the death was on... the Pope's illness... the death was on... the Pope's illness...

Following such an outlandish... the death was on... the Pope's illness...

Mr Vance sees Israeli leaders in effort to restart peace talks

From Michael Knipe
Jerusalem, Aug 6

The United States effort to reactivate direct peace talks between Israel and Egypt...

rejected President Sadat's... the death was on... the Pope's illness...

Blackmail of minister by KGB alleged

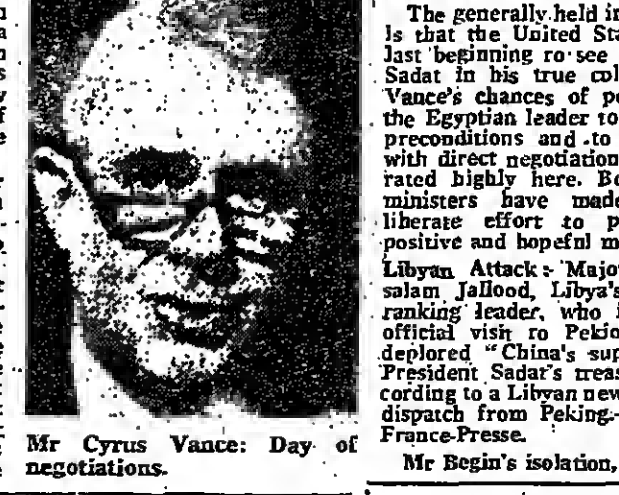
By Penny Symon

Mr James Callaghan, the Prime Minister's namesake...

Passengers seize hijacker on airliner flight deck

Amsterdam, Aug 6

Passengers on board a KLM airliner today helped to overpower a hijacker who threatened to blow up the plane...



Mr Cyrus Vance: Day of negotiations.

EW may ban visits to tern block as protest

the Soviet Union are fairly frequent and are usually from official trade union bodies.

Bad weather makes birds migrate early

The poor weather this summer in Britain is driving many birds to migrate south a month earlier than usual.

Ten killed in Indian caste warfare

Clashes between middle-caste Hindus and Harijans (once known as Untouchables) have led to 10 deaths in central India.

Onassis journey

Mrs Christina Onassis, the former Mrs Aristotle Onassis, flew alone unexpectedly to Athens from Moscow for what members of her family called a 'nostalgic reason'.

Crisis pay talks

Industrial civil servants are likely to increase disruptive action if today's peace talks in London, aimed at ending the long dispute over pay, fail.

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OVERSEAS

Muzorewa call for immediate end to racial discrimination

From Frederick Cleary Salisbury, Aug 6

Bishop Abel Muzorewa, one of the three black leaders in the Rhodesian Executive Council, today called for an immediate end to racial discrimination. He said more visible progress had to be made towards preparing for majority rule.

There must be a faster implementation of the terms agreed in the Salisbury Accord and he was no longer prepared to accept a "constructive" by "Uncle Toms".

The Bishop, who returned last night from a visit to Britain and the United States, said: "I have been committed to the immediate removal of racial discrimination. I came back determined that we must make visible progress towards preparations for majority rule."

He accused British Labour MPs of being dismally subjective and ill informed about Rhodesia. He said many members had made statements recently which bordered on fanaticism.

He added: "I found it obvious that our destiny should be in the hands of a government which holds a balance between the forces of racialism and progress, between the forces of life and death in our country."

It was clear that many Labour MPs had personalized

Philippines base protests by Marcos daughter

Manila, Aug 6.—A government-sponsored organization of young Filipinos has demanded the dismantling of American military bases in the Philippines in an open letter signed by Miss Imee R. Marcos, the president's daughter and elder daughter of President Marcos.

The presence of the bases serves only "to demonstrate our servitude to a foreign power and runs counter to our sovereignty as an independent country," the remarks said. It was issued by the Katsangara Baraso, which claims a membership of 10 million Filipinos aged 15 to 21.

Clark air base and Subic Bay naval base are the two remaining big American military installations in South-East Asia. Their continued use by the United States is the subject of continuing negotiations.

Local officials in the southern Philippines have sent President Marcos a resolution asking him to appoint his sister Imee as his successor.

Amin warning after report on Cuban troops

From Our Correspondent Nairobi, Aug 6

President Amin of Uganda today attacked reports suggesting that Cuban troops had moved secretly into Uganda, at his invitation, to put down unrest in the Army.

Uganda, radio quoted the President as saying that any "British spies, CIA or guerrillas" giving false information about Uganda would face a firing squad.

He said the reports appeared to deny the reports of Cuban troops being in Uganda. He added that Uganda had no need to "hire" foreign troops or mercenaries, although it had military pacts with friendly countries which could provide assistance, if needed.

Uganda, he said, had good relations with socialist countries, including Cuba, and Cubans would be welcome if they wished to visit Uganda.

His statement was prompted by a report in the British newspaper The Observer that Cuban troops were in Uganda.

UN special envoy welcomed in Windhoek

From Ray Kennedy Windhoek, Aug 6

After more than 30 years of dispute with South Africa a United Nations presence was established in South-West Africa today. Mr. Martti Ahtisaari, the Secretary-General's special representative, flew into Windhoek at the head of a 50-strong survey mission which will look into arrangements to bring the territory to independence by what he called "the earliest possible date" after free United Nations-supervised elections.

The 41-year-old Finnish diplomat was careful to avoid saying whether independence could still be achieved by December 31, the deadline South Africa has set for South-West Africa to become Namibia.

He issued a warning that his mission could fail if all the parties involved did not realize that a new era was beginning.

A rather clear hint that South Africa might unilaterally declare the territory independent was made on Friday by Mr. Riechel Borch, the South African Foreign Minister, who said his country would cooperate fully with the United Nations mission if the Security Council agreement was adhered to.

If this is not done, then my Government will not move an inch further with them," he told cheering National Party supporters in Queenstown.

Mr. Ahtisaari was given a tumultuous but peaceful welcome by at least 10,000 supporters of the black nationalist South West African Peoples Organization (SWAPO) and the ethnically based Democratic Turnhalle Alliance (DTA) when the United Nations party landed.

SWAPO supporters packed one side of the approach road to Windhoek's airport; the DTA lined the other side.

The first face-to-face talks between Mr. Justice Martinus Steyn, the South African Administrator-General, and Mr. Ahtisaari are due to take place tomorrow.

Meanwhile Mr. Pieter Botha, the South African Defence Minister, also arrived in Windhoek today for talks with Major-General Jannie Geldenhuys, Army Commander in the territory. A statement issued by the Army Command said the visit was a result of intensification of SWAPO guerrilla activity on the northern border.

Eight die in crash

Tehran, Aug 6.—Eight people were killed when a twin-engined Cessna aircraft crashed near Mehrabad airport, Tehran, after hitting a tree.

The plane, a Cessna 441, was on a flight from Tehran to Shiraz. It was carrying eight passengers and the pilot. The aircraft crashed into a tree shortly after take-off.

Hajians accuse police of failing to protect them from hostile mobs 10 killed in outbreak of Indian 'caste warfare'

From Richard Wigg Delhi, Aug 6

The "caste warfare" which erupted in Maharashtra 10 days ago over the renaming of a university after a leader of the Hajians (formerly called untouchables) has actually embroiled the state Government.

As Mr. Sharad Pawar, the new Chief Minister, was mulling off days of pacification in Bombay, there came news yesterday of further violence from Nagpur at the eastern end of the sprawling central Indian state, with five dead, the highest toll in a single day. This brought the total of people killed in incidents since the troubles began to 10.

This time the police fired on mobs of Hajian activists who had attacked them for allegedly not having protected a section of the community in the earlier rioting and pillaging by higher caste Hindus. The police were involved in more firings last night in the region. A curfew imposed yesterday in one town near Aurangabad was broken throughout the night by the face of unquenchable tension.

Representatives of the Hajians have been demanding that the central Government should send the Army into the affected rural areas of the state. They say that the police have failed to maintain any semblance of law and order for more than a week. But the Government of Mr. Desai has so far shown reluctance to move, evidently to shore up the authority of the new state Government, a coalition of Janata and breakaway Congress elements.

Yet the "caste warfare" as it is being referred to, has become perhaps the most challenging national problem facing the Janata Government in Delhi.

Maharashtra is not an isolated case. About the same time as the troubles started at Aurangabad University—which claims to have the highest proportion of Hajian students of any Indian university—three days of violent clashes between higher caste Hindus and Hajians in Villupuram, in Tamil Nadu, have resulted in the deaths of at least 12 people. Months earlier there had been a similar outbreak in northern India, particularly during local government elections in Bihar.

The common cause of these conflicts is twofold—a new

founded militant among the Hajians, who are demanding economic rights (mainly jobs or land) and a violent backlash from those middle-stratified castes in the rigidly stratified social system of the Hindus, who believe their living standards and social prestige must suffer.

Through the Hajians have also shown violence these months, the brutality of the middle-caste Hindus upsets any idea of the Hajians as a gentle people. A Hajian young man was cut to pieces with an axe when a caste Hindu mob broke into his village near Aurangabad on Friday.

In Bihar a Hajian woman had both her ears cut off by a caste Hindu family for seeking to take water from a non-Hajian well.

In Maharashtra, the university dispute brought into the open the latest troubles, but there is a possible, extraneous cause as well. Those Congress forces in the state that still support Mrs. Indira Gandhi, the former Prime Minister and who were ousted by the new Government, could well be stirring up the trouble.

The opportunity was given them by the state legislature's passing unanimously a resolution

to rename the Marathwada University after the late Dr. B. R. Ambedkar, the Hajian lawyer who helped to frame the Indian Constitution.

This was done in spite of a police intelligence warning that the outgoing Government that the local politicians in the Assembly did not want to be seen, publicly at least, opposing recognition of a great Indian.

A student's action committee of Marathwada, the middle-ranking caste which gives its name to the region, felt no such inhibition, however, and the shops and houses in many places were closed for days, buses and trains have been burnt and post offices attacked amid a reign of terror.

Maharashtra's Chief Minister has already promised in his pacification talks that the renaming of the university will not be imposed on anyone.

It is a gesture to the Marathi activists, but after yesterday's police shootings, the problem of the Hajians' relations with the state authorities has become even more acute.

Korchnoi misses his chance again

From Harry Gumbel Chess Correspondent Baguio, Philippines, Aug 6

The ninth game in the world chess title match started hopefully for Korchnoi here yesterday. He had the white pieces and emerged from the opening with a slight advantage.

In the hope, probably vain, of surprising Korchnoi in the early stages of the game he played an old-fashioned line of the Queen's Gambit, which involved playing his bishop to K4 instead of K2. This was a line that had begun to fall out of favour in the days of the American grandmaster Pillsbury some 80 years ago and which has been revived only sporadically since.

The players followed such a revival until black's fourteenth move, when Korchnoi, playing as Spassky, had played against Porchak at the Havana Olympiad in 1966. Korchnoi played a new move—P-KR2—which opened up a line for a kingside attack.

Korchnoi seized upon the opportunity to launch a bold initiative which resulted in full control of the important King's file. He then opened up the board. He then played up a kingside attack, most out of ordinary and looked well on the way to victory.

Then his besetting sin, running short of time, made itself felt. With five minutes left for five moves, he chose a line that was a little better than a draw, but it was inferior to Spassky's continuation.

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dangerous passed and advanced pawn for black. When Korchnoi sealed his fourth move it was apparent that once again Korchnoi had been out of his mind and that there was now more than a draw in the position.

This surprise badly for Korchnoi. It is a pity that he was not repeatedly failed to win games in his favour. Korchnoi will be able to proceed fairly quietly, picking up the odd win here and there, and thus coast home to a fairly comfortable victory.

This morning, Korchnoi offered the draw by telephone and Spassky accepted, leaving Korchnoi leading Korchnoi 1-0.

(One repercussion from the parapsychologist incident is that the Soviet delegation has put in a formal protest against the way Herr Lothar Schmid, the chief arbiter, has been handling the affair, claiming that he is partial in his judgment on the matter.)

After a six-hour special meeting, the tournament jury voted 2-2, with one abstention, to uphold the protest.

Mr. Florencio Campomanes, the match organizer, told reporters after the meeting that the jury would urge the Soviet delegation as part of gentlemen's agreement to have Dr. Vladimir Zuckerman, the parapsychologist, sit no closer than the seventh row. That is where he moved last night.

The jury's decision, for the first time, was not unanimous. In the first or second row, staring intently at Korchnoi, was Dr. May Furey, president of the International Chess Federation, said

here today that he would not be standing for reelection. He was proposed for president last week by the International Chess Federation, the United States, Philippines and Singapore.

He said that he would stand again only if supported by 40 or 50 federations and assured of reelection.

With the withdrawal of Dr. Furey, three candidates are left: Secretary-General of Yugoslavia, Dr. Vukobratovic; Secretary-General of Iceland and Mexico, Rabel Mendez of Puerto Rico; and Secretary-General of the World Chess Federation, Dr. Black Korchnoi, Queen's Gambit

Ethiopians gain ground in Eritrea

Addis Ababa, Aug 6.—Ethiopian troops advancing on Eritrean guerrilla strongholds in northern Eritrea have captured the town of Wekero, 20 miles south-east of the provincial capital Asmara, it was reported here.

In its first war bulletin in four days, the Central War Command said the town was liberated last Thursday by the 503rd and 506th units of the Second Ethiopian Liberation Army. The units have so far recaptured some 27 towns.

The Ethiopian offensives now appear to be directed at the garrison towns of Agordat and Keren, north-west of Asmara, and at clearing the strategic Asmara-Massawa road.

According to informed sources in Nairobi, the Eritrean guerrillas have chosen to abandon the smaller towns and to concentrate on a hit-and-run campaign from the mountains.

Madagashiri: Somali guerrillas today claimed to have destroyed water and power supplies to the town of Baidoa, an important Ethiopian base in the Ogaden. They left the town burning after a surprise attack at the weekend.

Agence France-Presse, and Reuters.

Iraq warning against Palestinian feudings

Baghdad, Aug 6.—Iraq's ruling Arab Baath Socialist Party today warned Palestinians against being drawn into an inner-Israeli struggle or attacks on Iraqi diplomatic missions overseas.

A party spokesman, quoted by the Iraqi news agency, referred to "cowardly and treacherous attacks on Iraqi diplomatic missions in London, Paris, Karachi and Beirut."

He also called on "all on-site Palestinian forces" not to be dragged into unjustified clashes among themselves and urged an end to revenge operations, "such as those carried out against PLO (Palestine Liberation Organization) offices in Paris and London."

Earlier today, the Iraqi carried an Iraqi decision of the Government, which was behind yesterday's attack in Islamabad, to such acts, as well as attacks on Iraqi missions abroad.

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OVERSEAS

British delegates split over anti-Soviet line at youth festival

Peter David

12, Aug 6

deeply divided British youth returned from Cuba after playing a central and ambiguous role in the World Youth Festival held yesterday with celebrations in Havana's Lenin Square.

Despite being one of the largest contingents among the delegations taking part in the festival, the British youth have become the focus of controversy for 10 days for offending the festival's Marxist ethos and failing to agree on a unified stance.

On returning to Cuba, the British Youth Council, one of the most important bodies in the delegation, met under the leadership of the Conservative Party and the Young Conservatives to discuss the event.

Conservatives argued that the festival was a tool of the Soviet Union, and that the British Youth Council should not participate in it.

On the other hand, the Labour Party and the Young Labour Party argued that the festival was a chance to meet and understand other young people from different countries.

The festival was held in Havana, Cuba, and was attended by young people from all over the world. It was organized by the Soviet Union.

The British Youth Council was split over whether to participate in the festival. Some members thought it was a waste of time and money, while others thought it was a valuable experience.

The festival was a success in many ways. It brought young people from different countries together and gave them a chance to learn about each other.

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A Times Profile

It is heady experience given to few to spend a fourth birthday as Foreign Secretary. Dr David Owen is master of the Victorian Baroque palace that Palmerston commissioned as a suitable office. Salisbury and Grey, Austen Chamberlain and Ernie Berrill all looked out of his windows at St James's Park. How diminished is his inheritance?

The hardest task of postwar Foreign Secretaries has been that they have had to operate in an environment and a climate inside Britain where most people have held rather unrealistic views about the extent of British influence. We're almost reaching a stage where we have settled down into a fairly good appreciation of what our real role is in the world.

"If you take the time that I have been in the House of Commons, which is 12 years now, when I came in there was this major debate about what you could loosely call East of Suez. At that time a group of us, mainly younger Labour MPs, were in conflict with the leadership of the party because we wanted to come out. This was not a left issue in the sense of reducing the defence budget. It was a left-right issue, went right across the party, wanting a readjustment to Britain's real position."

"That was the first major foreign policy issue that I can ever remember tackling. It was bound to be influenced by somebody who was an undergraduate at the time of Suez and Hungary, two very dramatic events in a young person's life, both illustrating in rather differing ways the limitations on Britain's power and influence and role, and indeed the limitation of the West's power and influence."

"At the same time, when I first came into the House, there was the weakening argument about the membership of the European Community. Again, that was a very crucial one, the decision of the Labour Government to apply to go into the European Community. So one's lived through in one's own political career a great deal of these issues of readjustment."

"With the defence readjustment went the feeling that we were no longer able to have a worldwide military role, that the main focus of our defence effort would have to be centred in Europe. It's a danger that some people read that as meaning that Britain had to restrict its whole political, economic and commercial horizon, which I very strongly reject. I certainly belong to what Tony Crosland called in a speech when he was Foreign Secretary, the blue water school of diplomacy."

"I suppose that's because I represent Plymouth and have lived in Plymouth all my life. The sea is an absolutely major element in my life. I've been in boats from the age of six and I suppose that being steeped from my very earliest days in maritime history has deeply influenced me. And then when I became Minister for the Navy in 1968-70 that strongly influenced it as well. I've always seen Britain's role as being worldwide and have never believed that we should restrict our horizons and just operate in a sort of Continental cocoon."

"The facts are that we still have the third largest navy in the world. It is far and away, after the United States, the most powerful navy in NATO. We're the only other nation not to have as many nuclear fleet submarines. You can take a strategic view to question whether the balance of spending inside our defence budget is right and whether we spend too much on the Navy. I personally don't think we can spend too much on submarine warfare. It's a commonly held view that our navy has been decimated and that we're really no longer even got a navy. I don't think that's true at all in the political spectrum as a pro-European social democrat. His appointment coincided with Britain's Presidency of the EEC Council of Ministers and the common market. The Government was criticized for not taking initiatives within the chair. To what extent does the sea affect your political thinking?"

"No Foreign Secretary, our Prime Minister can ignore it and it's very foolish to pretend otherwise. I have not therefore seen my policies on the European Community as very interventionist, as being very much another case. They have been openly much more of a consolidation and to some extent that is my compromise. I would have instinctively wanted to be more active."

"We have had some major and very successful objectives. When I took over as Foreign Secretary there were two obligations. One was over direct elections. That was fraught with difficulty, an immensely difficult piece of legislation to get through in this House of Commons, with very strong feelings. We were late, but it was understood in Europe, and direct elections will now go ahead in June 1979. Now I'm not one who believes that direct elections are going to change the whole face of Europe. I believe however that a solemn obligation entered into by a British government to its European partners put our credibility on the line. We had to deliver and we delivered."

"What has happened to the moral credit that Britain built up during the whole period of peaceful decolonization under successive governments? Can we still rely on it to bolster our influence and reputation and call on our fellow members of the Commonwealth for support?"

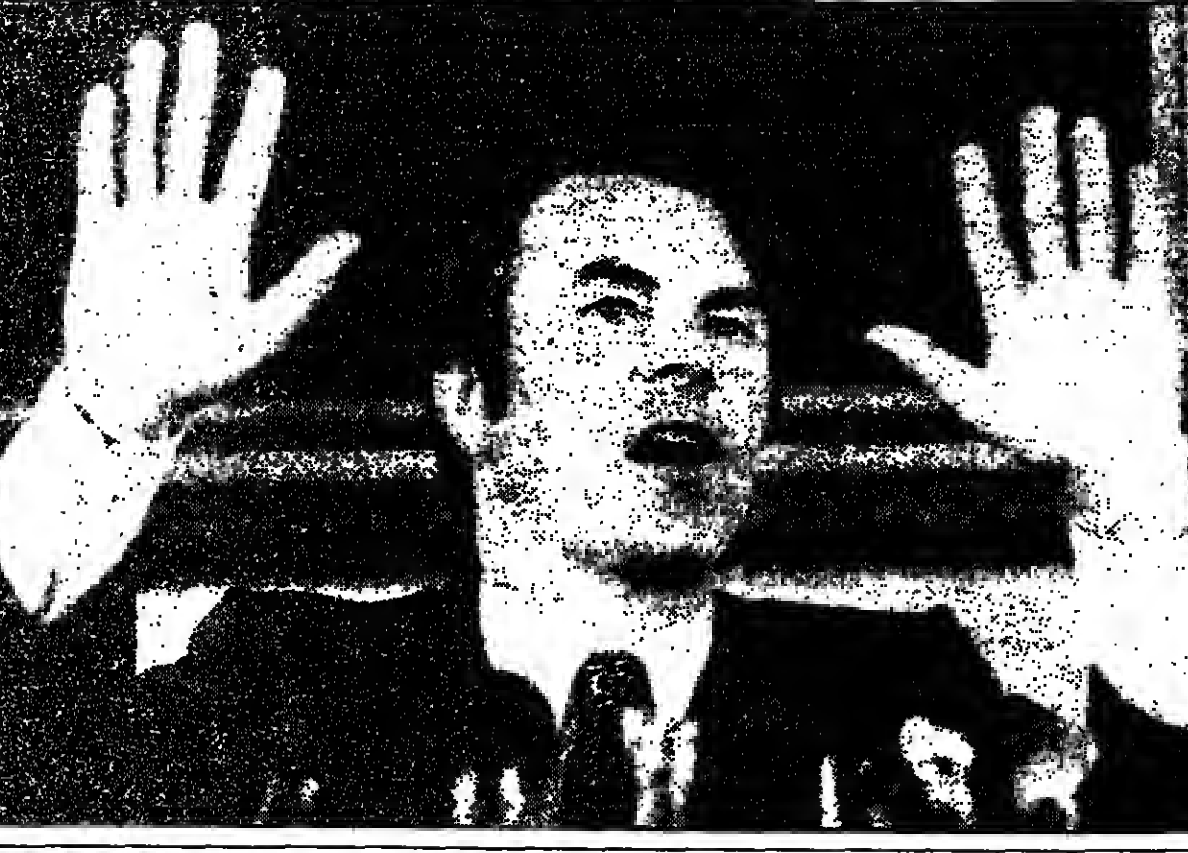
"There is nothing to be ashamed of in our record of decolonization, indeed of our whole record as a colonial power. We made mistakes, but which country wouldn't? And broadly we came through that period of readjustment extremely well. The thing which has damaged that record and weakened our moral credit has been Rhodesia, that's no doubt about that. It has never been understood to what extent Rhodesia was different from all of our other African colonies."

"What does the quadrivium of Dr Smith, Bishop Muzorewa, Chief Chirau and Mr Sibhelo have to do in order to obtain the endorsement of the British Government? Are elections, if manifestly fairly conducted, sufficient to attract Dr Owen's support?"

"Yes. It would be preferable, of course, to have a round table conference, because I think you might get a negotiated settlement. I have always stood by the Six Principles which successive governments have declared, even though I felt that the internal agreement was unlikely to achieve what its signatories thought it would achieve—a cessation of the violence, bringing back the fighters from the bush, a de-escalation and general agreement. I take no pleasure in the fact that events have shown that I am right over this, no pleasure at all."

Graduate from the blue water school

Brian Connell talks to the Foreign Secretary, Dr David Owen



can colonies. We had placed far more confidence and power and trust in the white settler than we'd ever done elsewhere, but the main difference was that we hadn't administered it directly."

"It has greatly damaged us within the Commonwealth. Because of this decision inside the Commonwealth, with Britain so often arraigned for its attitude, particularly over southern Africa, sometimes South Africa, but more frequently over Rhodesia, people began to get almost antagonistic to the Commonwealth. They didn't like being criticized so openly. A sort of sense of irritation began to build up in people's attitudes to the Commonwealth. Again I think mistakenly."

"The Commonwealth is a unique asset to Britain and one from which we haven't yet quite discovered how to get the most out of it. It gives us access to a quarter of the world's population, in Asia, the Indian subcontinent, Africa, the Caribbean, even Latin America, unbelievable really. It is a microcosm of the world, able to speak just as you and I are speaking, able to have a pretty good opinion on a lot of issues because of the record of government. I think that that's another potential strength for Britain that stems from our colonial past."

"How does he respond to the criticism that he places too much stress on talking to the Communist-backed Patriotic Front guerrilla leaders about the Rhodesian settlement?"

"You have to go back to colonial parallels. I think you can go to Kenya, to Mau Mau. You have to face the reality that there were a lot of people who were talked to and discussed and negotiated with and even eventually brought into the government, who had fought for freedom in wars which certainly weren't approved of by British governments or the British people."

"Every time British Foreign Secretaries have been criticized, either themselves directly or through their officials, they have been criticized for doing so. History has usually shown that we were right to do so, that we didn't give enough weight to the leaders of the various freedom movements and that we didn't take them seriously enough. Now if you come to Rhodesia, take Joshua Nkomo for instance. First, he's negotiated with Mr Smith himself over many hours. If you now speak to the broad majority of Rhodesians, white Rhodesians, at this moment, the first thing they will tell you is that they think that Joshua Nkomo should come in and be involved and he holds the key."

"They make a distinction between Joshua Nkomo and Robert Mugabe. I think one's got to be careful about making this distinction in quite such stark terms. Robert Mugabe doesn't help himself by making statements about one Marxist state, although it's important to add that what he has always explained is on the basis that he would try to persuade the electorate of this and if the electorate decided otherwise he would accept it. I don't think you can make distinctions between the two as to who you talk to."

"If you conduct a foreign policy that flutters around on the wind of public opinion or of incidents, then it lacks the stability of principle. You've got to know what the principle is underlying it. The principle underlying the Rhodesian situation is that that country has got to have majority rule. In order to have majority rule it has got to come, to my judgment, through negotiations and not through the barrel of a gun. That means that all the different elements that are currently still divided and fighting against each other have got to be brought round a table."

"In my view it would have been irresponsible for me to have reacted emotionally and to have said 'I would not talk to these people'. It would have been irresponsible for me to have ascribed responsibility for incidents when I didn't know. It's on these occasions when, rightly or wrongly, people will discover whether their leaders are able to make the flat, if you like, take the strain of public opinion over the long view. You must have a judgment and will be judged by history."

"Looking back, I have no doubt that I was right not to bend and shift British foreign policy into what would have been a cul-de-sac, which would have been gravely damaged our ability to do what I still think lies within our power, which is to bring about a negotiated settlement. So I will continue to talk to Mr Nkomo and to Mr Mugabe."

gets stable boundaries it's much more likely to make a compromise with some of the internal nationalists and try to get a greater measure of unity. That's certainly something we are working for. We can stabilize Namibia, stabilize Shaba province, the Zaire-Angola triangle, all by putting ourselves on a path of principle."

"Now that's not very dramatic. Some would like us to adopt a more aggressive stance, of kicking the Cubans out, though I'm never quite sure how they want to do it. I believe our policy is much more likely to lead to a return of the Cubans to Cuba and the re-establishment of Angola as a genuinely independent nation, not dependent on outside troops, less dependent on the Soviet Union, less dependent on a Marxist philosophy."

"That's an interesting record, which after 18 months is beginning to show fruit. You may think that's too optimistic. It's got lots of pitfalls and it may not succeed, but there is more sign of hope in that nexus of Namibia, Angola, Zaire than there was a few weeks, months back."

"We have to remember that three years ago, Soviet influence provided absolute dominance in both Somalia and Ethiopia. It did make the headlines in our newspapers, but we had virtually no influence on either country. Now Somalia has thrown out the Soviet influence, or not totally thrown it out, I would say has very greatly reduced its influence and has worked out a much closer relationship with the West."

"There are some who wanted us to support the Somalis irrespective of the stance that we wanted to take about the principle of respecting territorial integrity. Because they had thrown out the Soviet Union and were therefore on the side of the West, this had become an East-West issue. Many wanted arms supplied to Somalia to help them in their fight against Ethiopia on an East-West issue. We refused to do it. I believe we were right."

"The bedside manner is confident and persuasive. He has a real, remarkable career, following first in his father's footsteps in medicine. A different Fabian talked into active politics, he came bottom of the poll at Torrington in 1964 and was a last-minute draftee for a Plymouth seat in 1966."

"Within a year he was in the Defence Ministry. In 1974 he held his own under Barbara Castle as Minister for two years, moved as Minister of State to the FCO, where he was good marks for grasp and diligence, and then jumped over all his contemporaries when Tony Crosland died. To many, he still looks like a young premier compared with the hardened old sweat in the Kremlin. How does he respond to the evidence of growing Soviet intransigence and strength?"

"You operate on different levels and in different ways. Firstly we face the mounting evidence of Soviet military strength being increased both in terms of spending in terms of quantity and of quality of their military forces. We have responded to this. The British Government has increased defence spending by 3 per cent per year as a collective contribution to NATO, even though we've got a need for considerable restraint still on our public expenditure. We've made a very effective military response, which for a Labour Government is not easy to do and for a Labour Cabinet not an easy decision to take, but I think the right decision and I am glad that we made it when I was Foreign Secretary."

"I believe that it is equally right to make a very strong effort to try, despite the evidence, to bring down the level of spending on military weapons, both nuclear and conventional, and to operate in every way possible to get serious arms control. We are right to encourage the Americans to continue strategic arms limitation talks, we are right as Britain, with the United States and the Soviet Union, the three of us, to negotiate a comprehensive test ban. We are right to try to inject more political effort into mutual and balanced force reductions and we were right to go to the United Nations special session on disarmament and try to achieve something. It didn't achieve a great deal apart from one very significant thing, France has re-entered the arms control and disarmament dialogue. So that's one response."

"Second response, the human rights policy, which is as old as the hills and goes back to Magna Carta and is a strongly British tradition. We should champion it everywhere, we

should champion it not just with the Soviet Union, we should champion it worldwide and without being selective, whether it is Cuba, General Amin, South Africa, Cambodia or Eastern Europe. I don't think we should back off, we should stand firm. We shouldn't be surprised that they have responded as vigorously as they have. They see it through their eyes as an aggressive policy."

"We shouldn't think that human rights is a neutral, sort of liberal intellectual policy, it's a very powerful policy because it goes at the root of the ideology. The Soviet Union have clearly now made a decision to have a systematic eradication of the activities of what have been called the Helsinki monitoring group in the Soviet Union. They are effectively saying that Soviet citizens are not entitled to question the role of the Soviet Government in the implementation of the obligations which they entered into in Helsinki in 1975. Now that is unacceptable to us and we should lose no opportunity to make it clear that it is unacceptable."

"Now how do you do that? That is a very hard question. Firstly, what have we concretely done? Firstly when Professor Orlov was sentenced I stopped the signing of a bilateral consular agreement between the Soviet Union and ourselves. Not of itself a great deal, but symbolic. Next, when the Ginsburg and Shcharansky trials came out again I always put it in the context not of individual trials, but of the attack on the Helsinki monitoring group—decided that we would stop contacts in areas which we thought were luxuries, if you like."

"So we stopped a visit that was coming, their minister of mines was going to come and see the National Coal Board and would be seen by British ministers. I think that if they were just coming to the Coal Board we might have thought differently, but if they were in this country they would have had to have seen ministers and we didn't think it was wanted. It would be a case of Mr Gromyko to negotiate on areas of overriding importance for peace, but things that are not essential we will reduce or even cut out."

"Some would say well, that's not very strong, why don't you go for economics and trade? We don't stop economic and trade with South Africa. The world community has always been very reluctant to impose trade embargoes. It is the last thing you do and I think rightly so. We haven't even used a trade embargo on Uganda. We've got to keep a balance about the Soviet Union."

"Now what are the other areas that you would go into? Well, firstly, don't let's always look at what government can do. Government has shown a tempo, an attitude. Individuals can do a great deal. We are already seeing how much now a question mark over the Olympic Games. I think you'll see individual groups of artists, scientists and technologists who will themselves decide that that meeting or that sporting activity has a question mark about it. That is the strength of human rights. It is not dependent on government action."

"Britain has as strong an attitude on human rights as any other country in the world, and I include the United States. We have a more systematic, thought-out and steady policy on human rights. We apply it right across the board. One of the quite a number of inconsistencies in our approach, where you have to balance your attitude to human rights with your commercial, political and strategic interests. Governments aren't always going to act totally consistently, but it is a policy which I believe has great attractions."

"His physical presence is impressive, tall, well built, with a becoming mop of dark hair. He actually looks fit, which is more than can be said of most politicians. His cheeks dimple when he flashes the smile of a campaigning non-conformist, but he is polished with black moccasins, has a bright striped tie, a gift, which could turn out to be that of an unidentified club. How does he like absorbing his information?"

"Short meetings, arguments, but not facts. I look for people giving me oral information. I like it all on paper—options, details, nothing can be too detailed for me, preferably in annexes so you can decide whether to use it. I don't believe a modern politician can operate at one level, world on the sort of grand vision, the broad vista. We are in a world of complex, interlocking problems. You have to have a mastery of the detail, a readiness to work very hard, but still to remain outside the miasma."

"The great danger for a politician is being sucked in by what I call the bureaucratic embrace and becoming just another bureaucrat. Now you are not. It's a great mistake ever to be that. You've got to be able to master the detail, but you've got to be able to throw out the irrelevant, ideas. I sometimes deliberately oppose a submission from the department just in order to test them and to make them state a case."

"Our system of continuity of civil service and the bureaucracy is a stabilizing force, but it's a frightfully obdurate force. The problem with Britain is that we make too many decisions by committees. The bureaucracy stretches its tentacles into everything and a politician must kick that, he must really kick the system. That is difficult and it's tough and it's very wearing because often you are arguing against the vested interest or against the do-nothing school. It's always easier to find arguments against doing anything."

"The inertia of the system is a terrible problem. I don't believe the government doesn't achieve things or politicians don't achieve things because the bureaucracy is against you and there is a great conspiracy against the Labour Government, it's absolute rubbish. If you know what you want and you are determined to do it, the British parliamentary, constitutional system is in my view one of the most sensitive and indeed radical instruments of government in the world."

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Doubts on Shah's pledge

in, Aug 6—A proponent by the Shah of edging to introduce a style democracy in Iran, said that parliamentarians next June would be able to expand the limits of laws now offered to govern freely, and the press, as well as the Iranian people, would be able to voice their views on the new constitution.

Shah's English-language newspaper, *Kayhan International*, said in a leading article that this statement is a "challenge to consider themselves of better ideas, and to put them into practice."

As long as within the law, they sell their views to the public and gain the mantle of enforcing them, the Shah said.

He said that the border between freedom and treason crossed when the Shah was used to undermine the arch and the Shia religion of Iran, which said was sacrosanct.

In Sanjabi, a veteran figure, said: "It is there will be any change in government. There might be some changes in laws affecting political and economic matters."

Shima plea for peace

Aug 6—A plea for the abolition of weapons and one silent prayer marked the third anniversary of the atomic destruction of Nagasaki.

At the ceremony, the Mayor of Nagasaki, who is one of the people in Japan still from the bomb's aftermath, said: "A real peace can be established by the abolition of weapons."

The ceremony was held in the city of Nagasaki, which was one of the cities in Japan that was bombed during the Second World War.

Prisoners of conscience

in, Aug 6—A group of 25 people were arrested in a sugar factory in October last year, is still awaiting a trial.

By Clifford Longley

Senior Jose Carpio, a leader of the Ecuador sugar workers' union, arrested with 10 others after a strike in a sugar factory in October last year, is still awaiting a trial.

A year ago the Supreme Court of the Ecuador Government decreed an increase in the price of sugar of close to 50 per cent. They also ordered that wages in the sugar industry should not be raised accordingly, thereby upsetting collective agreements between workers and the price of sugar.

In October, nearly 2,000 workers at the Azuza sugar mill went on strike, in defiance of laws which make strikes illegal. Some 25 people were arrested, and the factory in October when police surrounded the building. After the expiry of an ultimatum, the police used tear gas. In the panic that ensued, some 25 people were arrested, and the factory in October when police surrounded the building.

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Chelches emergency ends

Aug 6—The Seychelles Government has re-emergency regulations three months ago, when an invasion was imminent.

The Government originally said it had proof that the terrorists were in contact with people planning an invasion supported by some members of the Kenyan Government. Kenya has not yet responded to this charge.

The Seychelles Government also said it had proof that the invasion plan was in some way linked with the May coup in the Comoros Islands—farther south in the Madagascar channel. There has been no public elaboration of this so far.

President René was brought to power by a coup which ousted Mr James Maucham, the former President, while he was out of the country—Reuters.

SPORT

Commonwealth Games

Miss Davies swims fastest 100 metres

From John Hennessy

Edmonton, Aug 6. Sharon Davies, 15-year-old swimmer from Plymouth, secured two medals in the Commonwealth Games today. First she won the 100 metres freestyle gold medal, and then the silver medal in the 200 metres freestyle. Davies, who is a member of the Plymouth Swimming Club, was the fastest woman in the world in the 100 metres freestyle, with a time of 1:00.34. She was also the fastest woman in the world in the 200 metres freestyle, with a time of 2:18.55. Davies, who is a member of the Plymouth Swimming Club, was the fastest woman in the world in the 100 metres freestyle, with a time of 1:00.34. She was also the fastest woman in the world in the 200 metres freestyle, with a time of 2:18.55.

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Primrose on target despite late VIPs and the wind

Edmonton, August 6.—John Primrose, 26, of Canada, edged off a second round win to win the target shooting gold medal. George Leary, of Canada, took the silver medal, and the bronze went to Terry Rumble, of Australia, after a shoot-off with another Australian, James Ellis.

Primrose, aged 36, winner at Christchurch and a former world champion, tried to remain calm while the wind roared around him. He shot 21 to two points in front of his arch-rival, Rumble. Competitors in the opening event had their nerves stretched when the start was delayed for more than 30 minutes because of the late arrival of Mr Pierre Trudeau, the Prime Minister, who was to have fired the opening shot. After the first 10 marksmen had shot just 25 shots, shooting stopped for 40 minutes to await the arrival of the Queen.

Commonwealth Games results on first and second days

Friday

Cycling

1,000 metres Time Trial

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Swimming

Women's 100 metres freestyle

1. Sharon Davies (Ply), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Weightlifting

Flyweight

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Saturday

Boxing

Flyweight

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.



Tracey Wickham, moments after she had broken the world 800 metres free-style record.

on comparative times that is, there has always been a gap between the two. Miss Davies, who is a member of the Plymouth Swimming Club, was the fastest woman in the world in the 100 metres freestyle, with a time of 1:00.34. She was also the fastest woman in the world in the 200 metres freestyle, with a time of 2:18.55. Davies, who is a member of the Plymouth Swimming Club, was the fastest woman in the world in the 100 metres freestyle, with a time of 1:00.34. She was also the fastest woman in the world in the 200 metres freestyle, with a time of 2:18.55.

Honours even after three keen bowls finals

From John Hennessy

Edmonton, Aug 6

The third morning of the Commonwealth Games bowls tournament produced a titanic international struggle between England and New Zealand, pitted against each other simultaneously in all three competitions. England are the outstanding country in the world's history of bowls, and New Zealand are the winners of gold and bronze on their own greens four years ago.

After something of an erratic start in both directions all three matches resolved themselves in tight struggles with rarely more than a shot or two in either way. In the event, honours were even with one victory to either side. New Zealand led by David Bryant, seeking to emulate Fredrick McKenrick's fourth gold medal, eventually shook off Kerry Clarke on the 14th end and put three woods: right against the flag. That took him into a lead of 13-3, a crippling deficit for the English, who were back against such a formidable opponent.

Realistic Olympics

Copenhagen, Aug 6.—The Danish Olympic Committee are studying with the greatest care the possibility of offering to stage the summer Olympics in 1988. The committee consider it realistic for the city to stage the 1988 Olympics, provided they were cut down by comparison with recent Olympics.—Butler.

dozen more opportunities of seeing her dazzling array of talents before the curtain comes down in the pool on Wednesday. Tracey Wickham, for her part, a slender sylph compared with the powerful and beautifully proportioned Miss Davies, pulled off a stunning victory for Australia in the 800 metres free-style. The holder of the world record, she was expected to lead home her compatriot, Michelle Ford, but to slice six seconds off her previous best time was almost beyond belief. Since she was unable to do so, she was expected to attempt to do so, but she was unable to do so. She was expected to attempt to do so, but she was unable to do so.

Yachting

Lone Brazilian lights up a typically British day

By John Nicholls

A blustery north-westerly breeze greeted the 171 entries for the British open and national championships. The day was a typical British day, with a blustery north-westerly breeze greeted the 171 entries for the British open and national championships. The day was a typical British day, with a blustery north-westerly breeze greeted the 171 entries for the British open and national championships.

Athletics

Men's 100 metres

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Bowls

Singles

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Women's 400 metres

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Women's pentathlon, 100m hurdles

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Women's springboard diving

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Weightlifting

Featherweight

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Lightweight

1. J. Leary (Can), 1:00.34; 2. G. Leary (Can), 1:01.34; 3. G. Leary (Can), 1:02.34; 4. G. Leary (Can), 1:03.34; 5. G. Leary (Can), 1:04.34; 6. G. Leary (Can), 1:05.34; 7. G. Leary (Can), 1:06.34; 8. G. Leary (Can), 1:07.34; 9. G. Leary (Can), 1:08.34; 10. G. Leary (Can), 1:09.34.

Medals table

	Gold	Silver	Bronze
Canada	1	2	6
Australia	1	1	2
England	1	1	2
New Zealand	1	1	2
Scotland	1	1	2
Trinidad	1	1	2
Wales	1	1	2

Abbreviations

Anglo	Anglo	Anglo	Anglo
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Programme for today

Time	Event
10.00	100 metres decathlon
10.30	100 metres men semi-final
11.00	100 metres men semi-final
11.30	100 metres men semi-final
12.00	100 metres men semi-final
12.30	100 metres men semi-final
13.00	100 metres men semi-final
13.30	100 metres men semi-final
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British women cruise into semi-final round

From Cliff Temple

Athletics Correspondent

Edmonton, Aug 6

Donna Harle and Veronica Elder set England off to a promising start in the Games athletics when they both won their 400 metres heats in the opening round of the Commonwealth Stadium today. With the top-ranked woman in the Commonwealth, Lorna Forde, from Barbados, not competing after all, Mrs Elder had moved to the top of the list with her 51.25sec performance set on the eve of the Games, but she needed to run no faster than 52.26 in the first round, to cruise comfortably to victory.

Mrs Elder, the silver medal winner four years ago and ranked third at present with 51.70, also had enough in hand to enter the Enslin straight to ease off and cross the line with plenty in hand in 52.84, with Scotland's Karen Williams third in 54.25 and Linda McCarty (Northern Ireland) fifth in 54.53. They all qualified for the semi-final round, with Adrienne Smyth, of Northern Ireland, who was sixth in her heat in 53.96, also getting through as the fastest loser.

In the third heat we saw some surprising racing from Judy Hoyte, of England, who started very fast but rallied well in the home straight to finish second in a personal best, which was a surprise. She was followed by Griffiths, of Guyana in 53.00, and Williams in 54.25. Mrs Elder was the first to start, and she was the first to finish, and she was the first to win.

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Yesterday's results

Athletics

Men's 100 metres

1. J. Leary

[illegible]

Lord Chalfont

Why the BBC external services must be left well alone

Sitting in a hotel room in Delhi or the British Embassy in Seoul, I find something immensely reassuring about Lilliburlero, the theme music which always introduces the world news

One of the most gratifying features of Dr David Owen's comprehensive demolition of the "Think Tank" report on overseas representation has been his robust defence of the external services of the BBC. There were, of course, many passages in the recent White Paper at which one could scarce forbear to cheer—notably the forthright rejection of the miserable characterisation of Britain as a country of declining influence, no longer entitled to have a foreign policy at all. Of all the ill-considered proposals in the Central Policy Review Staff (CPRS) report, however, the most farious was that which sought to reduce the hours of broadcasting in the BBC's World Service.

In deciding that the 24-hour programmes shall continue, the Government makes the point (obvious, one might have thought, to most grown-up people) that "to abandon the round-the-clock service would damage our national interests and reputation to all proportion to any financial savings that might be derived".

Although that seems to deal fairly conclusively with the matter, it may be just worth while to recall the precise outline of the proposal in the CPRS report, if only to savour once again that document's unique blend of dourness and intellectual poverty. It was that all external broadcasting, including the World Service in English, should close down between 8.00 pm and 4.00 am Greenwich Mean Time. It is not entirely clear why these somewhat arbitrary times were chosen. It is true, of course, that they include the hours during which right-thinking Englishmen should be in bed, not missing about in broadcasting studios; but the

World Service, as its name suggests, is meant to be listened to principally by foreigners, who insist on observing their own exotic hours of business. When it is midnight GMT, for example, it is seven o'clock in the morning in Lima and ten o'clock in the evening in Bangkok. Presumably the idea was that if anybody in these places wanted to listen to the BBC, they should jolly well get up early or stay up late.

With all that happily behind us, it might be an appropriate time to offer a few reflections, from long personal experience, on the value and quality of the BBC's external services. The World Service in English is, quite simply, the best broadcasting service in the world. It is not, as seemed implicit in the approach of the CPRS, an arm of the Government or a short-term instrument of foreign policy. It is an independent service dedicated to the principle and practice of impartiality and truth, even if governments, including our own, sometimes find this uncomfortable to live with. For 24 hours, every day, it sends out short-wave programmes of world news (generally every hour on the hour), news about Britain, sport, financial reports, current affairs, jazz and classical music. It is true that it has the Glens and Sarah Ward as well, but the vast majority of the programmes are thoughtful, objective, literate and serious in the best sense of the word. Incidentally for those who live in this country, they can be received at certain times of the day in the medium wave on 276 metres, where they provide a refreshing alternative to the relentless triviality and persistent ideological bias of much of the domestic output.

Whatever else I forget to include in my baggage when I travel abroad, I never leave out my short-wave radio. Sitting in a hotel room in Delhi or the British Embassy in Seoul, I find something immensely reassuring about Lilliburlero, the theme music which always introduces the time signal and the world news. And it is pleasant to hear the voices of people who speak almost invariably with respect for the language, in contrast to the modish and illiterate mid-Atlantic patois which passes for English in some of our home service programmes. Nor is listening to the World Service all culture and current affairs. I have sat on a hill outside Caracas with a few cans of cold beer and listened to the Welsh rugby team thrashing England at Twickenham (a not uncommon occurrence, but one which has a special flavour on a hot Saturday morning in Venezuela). I have listened in Hong Kong to the winning male voice choir at the National Festival and in Singapore, with an acute sense of embarrassment, to myself pontificating about south-east Asia.

These programmes provide an almost indispensable service not only for travellers and exiles from this country, but for many of the 370 million people all over the world who speak English. If there is a valid criticism of it (and, to be fair, it was included in the CPRS report) it is that in some parts of the world the signal is almost inaudible. In Teheran, for example, I have spent many frustrating hours trying to extract something comprehensible from what appear to be coded messages from outer space; and in Urumschi, Moscow Radio is loud and clear but there is a decorous silence from London. However, I suppose no many people speak English in

the autonomous Uigur region of Sinkiang.

It is, given these pockets of inadequacy, encouraging to read in the Government's White Paper that, so far from reducing the scope of the World Service, it is intended to spend £20 million over the next five years "to maintain audibility within the BBC's estimate of what it considers technically essential". The syntax may not be all that elegant, but the sentiment is unexceptionable. As Sir Michael Swann said in an address at the Royal Society of Arts earlier this year "if one does something conspicuously well—and vast audiences all over the world are in no doubt that we do—then surely it is something to concentrate on, regardless of the difficulties".

It may seem ungracious to carp at any aspect of a government statement which reflects the admirable feat of accepting the few sensible and constructive proposals of the Think Tank, while consigning the rest to the obscurity from which it should never have emerged. It is, however, a little disconcerting to learn that there is to be yet another review, this time of what are called the vernacular services. The BBC broadcasts over 700 hours a week to 39 languages. The potential influence of these programmes can be judged by some of the audience statistics. In Thailand, the BBC Thai Service has the largest audience of any external broadcaster, with Radio Peking and the Voice of America in second and third place. In Mexico City alone over 200,000 people listen regularly to the BBC Service in Spanish. In urban Pakistan the BBC's Urdu

Service has a regular following of over 2 million (I have taken these figures from Sir Michael Swann's Royal Society of Arts Lecture).

The CPRS proposed that broadcasting in Somali, Hindi and Nepalese should cease and that broadcasting in Spanish (to Latin America) and in Arabic should be halved; that there should be no further broadcasting in Japanese or in European languages outside the Communist block. These suggestions, among others, will presumably be considered in the new review. Apart from the unsettling effect of these repeated investigations (there have been at least eight of them in the past 25 years) there is a dangerous fallacy embedded in the apparent assumption that changes should be made on an assessment of current foreign policy priorities. Once these cuts were made it would be difficult, if not impossible to restore them if the structure of world politics changed; and even if they could be restored, it would not be easy to recapture the lost audiences.

In these days it is not unusual to hear Britain unfavourably compared with other countries; the cleanliness of our streets, the quality of our goods and the diligence of our workers all come in for a good deal of disapproving comment. Only people who disparage the overseas service of the BBC, apart from an occasional disgruntled target of its criticism, are the scoundrels of Tass and Moscow Radio. If there is something we do superlatively well, there are powerful arguments for leaving it alone, and the hostility of tyrants is one of them.

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David Steel

Marching towards a disaster under the banner of progress



The aftermath of Seveso.

How big a part will the Jojoba plant play in the coming general election? That is my theme for today. Nor big enough is my answer. Ministerial statements will be made, saying: "The Jojoba plant is being kept under constant review" or "We are aware of the international potential... significant contribution... considerable problems to overcome." If the gentle reader does not believe me, refer him to Hansard of July 31 where he will find utterances of precisely that character on the subject, to responses to questions from the indefatigable, Tam Dalyell.

Those who have not abandoned me after the first paragraph—for the apparent relative sanity of the crossword—may yet be wondering what on earth I am talking about. Let me explain. The Jojoba plant is a large tropical plant which can be used to produce a wide range of products, including a kind of oil which might be used for the softening of leather. Research into this possibility is being conducted in the United States, Mexico and Israel. The importance of it is that the oil would become a substitute for the oil at present used by the industry, obtained from the sperm oil of the whale.

Some 30,000 whales were slaughtered last year and with high technology having replaced the harpoon and rowing boat, the industry is now threatening to join the list of those whose human race has rendered "extinct species". My colleague Stephen Ross, Liberal spokesman on the environment, raised this matter in the Commons last week. The Government, following the example of the United States and the import of whale oil products. So far the total response of Her Majesty's Government to the threatened extinction of the whale has been to ban the use of whale oil for the cleaning of army boots, and second on the rapid development of alternative oils from the Jojoba plant.

Now all this may seem fairly peripheral to the forthcoming clash of political debate and the election, but it is not. It has indeed taken the issue of whale oil simply as an example of the genuine rise in concern among our population about the quality of our environment. There is growing recognition that we are trustees of this planet for future generations and that a new task has now fallen on modern governments, namely the preservation of the natural world and its resources.

The word from Texas, though, is a bit confused. While the social scientists are writing us to establish a perception of personalism, a professor of social work warns us against an excess of self-preoccupation. "The self-preoccupation issues have grown out of the psychological concepts of self-actualization and self-fulfilment," she observed. "I have

The growing isolation of Mr Begin



Prime Minister Begin (centre) at yesterday's talks in Jerusalem with US Secretary of State Cyrus Vance (left). On Mr Begin's right, Israeli Foreign Minister Moshe Dayan; on Mr Vance's left, US envoy Alfred Atherton talks to Assistant Secretary of State Harold Saunders.

The Israeli Prime Minister has lately been showing signs of strain. Mr Begin, who has always been a patient man and a philosophical one, accepting criticism, if not gladly, at least with resignation. He is so persuaded of the reasonableness of his own position that his exposure is rarely disturbed by the thought that his opponents may have valid arguments too. Today he bristles at censure and sees in it a worldwide conspiracy for his removal.

Some of his recent outbursts are understandable. One was directed at what he described as the "churpah" (check) of President Sadat in choosing which Israeli he is disposed to negotiate with, electing Prime Minister. But then, Mr Begin need not have permitted this situation to arise and, when it did, he could have contented himself with future prevention rather than display his irritation publicly.

His present uncharacteristic asperity must be the consequence of the current pressures on him. President Sadat is pressing—and with a good deal of skill—for further unilateral concessions. The Americans are leaning heavily on him for more flexibility which he denounces as capitulation. He is encountering emphatic and vocal opposition in his own country. Not least, strongly pro-Israeli Jews in the Western world are more fully than ever before voicing their concern over his policies. All his troubles arise out of the widely held belief that negotiations with the Egyptians are deadlocked because of Mr Begin. Try as he may, he has failed to shake off the label of intransigence which has been pinned on him. He and his spokesmen point unavailingly to the fact that it was Sadat and not the Israelis who broke off the political talks in January after only one and a half days. Nor can they understand why the Israeli 26-point peace plan which was welcomed both by the United States and this country as an important contribution towards peace should now be ignored.

Israelis—and not only Mr Begin's supporters—are mystified and outraged. A new mood should be called uncompromising while Mr Sadat is portrayed as flexible. In what respect save public relations, they ask, has he displayed flexibility? What ever may have become known of his private thoughts, Egypt's president in public still stands very close to his original demands. He asks for more "gestures" and Israel is called on to make gestures. He wants Israel to give him in advance results which could only come from negotiations—and makes this the price for continuing negotiations. That is how the mass of Israelis see their situation; as victims of the cynical world's double standards. They are expected to make all the hard concessions while Arab extremists in word and deed are explained away as the rhetoric of an emotional people and the hyperbole of the aggrieved. This is not to say that all Israelis back Mr Begin. Strong and growing opposition has emerged from his equivocal position on the future of the terri-

tories on the West bank of the Jordan which were captured by Israel in 1967. Mr Begin's original exclusion of these lands from UN resolution 242 (which called for the return of occupied territories) has now been modified. But he has still not committed himself to an unambiguous statement that his concern is for security, not territory, and that if and when all Israel's legitimate security needs, including defensible borders, are met, what he calls Judea and Samaria will be relinquished.

This issue is the gravamen of the criticism of Mr Begin. His intransigence on this point is generally attributed to his dogmatism about security together with a religious belief in Israel's God-given right to its Biblical homeland. Enlightened opinion in the West and in Israel too, is suspicious of such a combination of religion and nationalism. Security, yes. But religious mysticism as a factor in politics is both puzzling and alarming. Fortunately, a new book by an English-born Israeli scholar tries to explain it to a sceptical Western world. Professor Fisch is one of Mr Begin's most articulate and passionate supporters. To him, Zionism is not merely a movement of national liberation, for Jews are a "peculiar people" and cannot achieve "normality" like other nations. They are a "covenant people", the covenant being the central experience of Israel recorded in the scriptures. That covenant between God and Israel is seen by Fisch to be also rooted in space and he believes that only in the Holy Land can the Jewish people fulfil itself and perform its service as a holy nation. He insists that only the covenant gives Zionism meaning and that the experience of the

Jews has a universal significance. "The return of the Jew to his land and to his origins becomes the concrete symbolization of a wider search for meaning." It is a spiritual return which has a direct and practical bearing on the present assaults on the values of Western civilization. When in 1967 as a result of the Six-Day war Israel "came into possession of the whole Biblical land of Canaan... it was not only a homecoming, but a meeting with a deeper, forgotten self" which, the Professor continues, Israel then fulfilled.

Mr Begin has not formulated his beliefs with the precision nor are they so extreme. But Professor Fisch does give some clues to the Prime Minister's thinking. He holds fast to certain beliefs and principles, obscurantist and unchangeable though some are, and will not lightly compromise them. "The Zionist Revolution," a New Perspective, by Harold Fisch, Weidenfeld & Nicolson. © Times Newspapers Ltd, 1978.

His religious mysticism is not shared by the majority of the Israeli population and, sooner or later, the democratic process, their views will be heard. But at this time, the prevailing opinion within Israel is that President Sadat's uncompromising stance and King Hussein's refusal to talk are the real obstacles to peace, not Mr Begin's religious beliefs. If the Arabs show themselves ready for the give-and-take of serious negotiations, only then will Israeli public opinion put Mr Begin under strong pressure to head or go.

In the meantime, the less so of recent events in the light of Mr Begin's convictions and Israel's sense of isolation is that outside pressure will generally be counter-productive. For example, a sure way of uniting Israel behind Mr Begin would be to demand that he should destroy the "Peace Now" movement would be for President Carter to produce his own peace plan instead of prevailing on the parties to negotiate with each other and not the United States. Secondly, there are no present indications that Mr Begin is on the point of being ousted. Neither of the possible alternative leaders within the coalition (Mr Weizmann and Mr Dayan) has anything like sufficient party support. Mr Begin's health is imponderable, but in the normal course of events, the electorate will only be able to pass judgment at the next general election which is not due for another three years. Were he to lose a vote of confidence, a Parliament, he would go sooner, but at the present moment, there are no signs of his happening.

While Israelis resent and resist what they perceive as unfair attacks from abroad, inspired by oil rather than by national morality, they do take seriously the thoughtful and reasoned criticism of friends. It is widely reported in Israel's free press and undoubtedly influences opinion. Criticism will be more effective if it shows awareness, if not acceptance, of the motivations of Mr Begin and the concepts on which they are based.

There are treats for the ear as well as the eye. "You are invited to experience the most astounding spontaneous musical event to take place anywhere since the Reformation," shrieked one envelope. I had never thought of the Reformation as a spontaneous musical event, but it does provide a fresh insight into history. Still more baffling was the envelope informing me: "You qualify for low-cost group insurance available only to honourably discharged veterans." It is true that I am a veteran, but of the British rather than the United States armed forces; and I am not sure whether my discharge was honourable, though it was certainly executed with mutual relief. The waste of trees that have been felled to provide the paper for my junk mail is deplorable. But at least by trailing their message in the envelope, the senders have avoided wasting much of my time and reduced wear on my paper knife.

A few weeks ago I wrote from California about the science of human behaviour, or making the obvious seem like a discovery. Although it began in the west, it has burgeoned across the country, and I have glossed a nice collection of ridiculous examples, mainly from a careful study of university press releases. It is wonderful how many academics are solemnly carrying out research into what makes people do what they do and starting themselves with the sheer predictability of their findings. These they present in a tone of shrill disbelief, marveling that life has so few surprises. For instance, a French anthropologist attached to Columbia University in New York has written a book about a year he spent in a midwestern town, studying "how Americans experience and create their lives, work, worship and other social interaction." Among his subjects were a group of young adults who got together at week-

ends and some evenings, and he wondered why they did so. "They got together," he marvelled, "simply because, as they put it, they 'liked' each other. The inverted commas round 'liked' are specially pleasing. The University of Texas at Austin seems particularly rich in such nonsense, or perhaps has a particularly active public relations staff. Thus we have a social psychologist from there explaining that reciprocity is probably the basic building block of human relationships. Revealing intimate details about ourselves is effective in establishing a perception of personalism in the person we are talking with."

The word from Texas, though, is a bit confused. While the social scientists are writing us to establish a perception of personalism, a professor of social work warns us against an excess of self-preoccupation. "The self-preoccupation issues have grown out of the psychological concepts of self-actualization and self-fulfilment," she observed. "I have

no quarrel with the concept, but I do quarrel with the way it is used. There is a danger of a person giving priority to his own needs to the effect of on others. Further confusion is from Margaret Saxe, who with experts on parents are blamed for "low self-esteem" among parents, an invisible problem, "blame" marked. "Parents" stupid they are by how-to parent books, "blame" marked. "I detect that we are one of those transitional periods, a new adventure is coming along us of the effect of the much need to the old experts. In human, be as with fashions and as with running shoes, it is a new, quick, and model become obsolete."

LEAPMAN IN AMERICA

The New Yorker, that plump and venerable weekly magazine, has an occasional feature called "letters we never finished reading." It is usually of the kind seeking donations from some cause of doubtful worth, which have especially daunting opening paragraphs. It is time to start a new column called "letters we never opened." Increasingly, such unsolicited solicitations are being enclosed in envelopes bearing messages which are supposed to encourage the recipient to open them, but which I suspect may have the opposite effect. The most common kind are the ones I often get from American Express. "Reader's Digest and such: 'You may already have won a trip worth \$15,000, plus \$10,000 extra—mobile—or \$25,000.' True, I may already have done so. And pigs may fly, England may win the next World Cup, income tax may be abolished. American Express may even stop

sending me mail of that nature—though that seems the least likely of all those eventualities. The other important category of envelope graffiti are the honorary. 'Urgent message enclosed.' boomed one I received the other day. 'Immediate response required.' That turned out to be the National Organization for Women fretting over the fate of the equal rights amendment. Still more alarming was one from the Union of Concerned Scientists. 'Notice: this envelope contains important information about nuclear power plants scheduled to be built in the United States. Please check inside to see how these plans may affect you.'

An envelope which must have been designed to attract by repelling read in large letters: "WARNING—Do not deduct the enclosed membership from your income tax." Another was more enigmatic. "Which side are you on?" It asked, and I did not stay for an answer. A large envelope read thus, in a reproduction of a naive, feminine hand: "My stockbroker husband laughed at my 'investment'—but I knew better. The investment, which I was urged to share, was in a collection of 845 decorative plates in an edition limited to 19,500."

"Did the United States help these men kill Charles Horner?" asked another envelope, carrying a picture of four sinister uniformed and moustachioed men, one wearing sunglasses. I do not know who the late Mr Horner was, but I have the answer to the question, although the photograph suggested a Latin American connexion. Questions are a favourite device of envelope sloganeers. "Is he our next President?" asked one, carrying an unmistakably toothy picture of Jimmy Carter. This was an invitation to subscribe to the Journal of Psychohistory, and I declined. Another envelope answered its own question: "For whom does the clock tick? It ticks for us all." This was another subscription solicitation for a magazine about atomic power. Indeed, magazines specialize in such envelopes. "Thurs free" one announced. "The twentieth anniversary issue of Worldview Magazine, a journal of ethical reflections and shocking revelations in both national and international affairs." An intriguingly catholic mix, but one does have such a lot to read. That is why it was equally easy to resist the invitation to sample a new food and wine publication destined to make culinary history and easier still not to respond to an envelope offering free "The sensational story of Hitler."

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ends and some evenings, and he wondered why they did so. "They got together," he marvelled, "simply because, as they put it, they 'liked' each other. The inverted commas round 'liked' are specially pleasing. The University of Texas at Austin seems particularly rich in such nonsense, or perhaps has a particularly active public relations staff. Thus we have a social psychologist from there explaining that reciprocity is probably the basic building block of human relationships. Revealing intimate details about ourselves is effective in establishing a perception of personalism in the person we are talking with."

The word from Texas, though, is a bit confused. While the social scientists are writing us to establish a perception of personalism, a professor of social work warns us against an excess of self-preoccupation. "The self-preoccupation issues have grown out of the psychological concepts of self-actualization and self-fulfilment," she observed. "I have



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THE ARAB-ARAB CONFLICT

Cyrus Vance yesterday began a new attempt to bring about a ceasefire between Israel and Egypt. He will be putting pressure on President Sadat to return to the ceasefire table, and on the Israelis to offer him some better document to do so. The Israelis will be tempted to suggest to him that, instead of putting pressure on them, to satisfy an adversary who for the moment is neither the power nor the threat to attack them, he would be better employed trying to bring about a ceasefire in some of the perennial feuds which are now rocking the Arab world, and the absence of which has spilled oil into the streets of non-Arab cities.

While all is quiet on the Sinai, Syrian shells are ripping through apartment blocks in the eastern quarters of Beirut. A further north, rival Palestinian groups have been killing each other in the Beddoui refugee camp. The leadership of the dominant group, the Palestine Liberation Organisation, is involved in a deadly struggle with more radical elements who, it asserts, financed and incited the murders of official PLO representatives in London last May and in Kuwait in June. Fatah leaders have begun to back directly against Iraqi bases abroad. But that has provoked further spectacular attacks on PLO offices last week in Paris and in Islamabad. The Iraqi government denies responsibility for these attacks, as the PLO denies responsibility for the attacks on Iraqi bases. If there is any truth in these denials, it is only so far as they reflect a division between different levels of authority, and responsibility of this type would not be the sort of decisions by either government of Iraq or the

executive of the PLO. The former is a purely bureaucratic organ, taking its political instructions from the higher authority of the Revolutionary Command Council, which in turn is little more than an emanation of the "Regional Command" of the Arab Baath Socialist Party. The Baath party, all-powerful in Iraq, is a highly centralized and authoritarian body tightly controlled by a few people at the top. These people certainly have no scruple about using terror and assassination as a political weapon, nor do they make any secret of the hospitality and support they give to overtly terrorist Palestinian groups, including the dissident wing of Fatah led by "Abu Nidal", who has been in open revolt against the PLO leadership, and condemned to death by it, since 1974. They may not always instruct "Abu Nidal" whom to assassinate, but his activities would be very quickly curtailed if they aroused the Baath party's disapproval.

As for the PLO, it is essentially an umbrella body and as such not directly involved in the planning of military operations of any kind. Even the official governing organs of Fatah have too large and too politically divided a membership to be appropriate for that. One of the movement's specialities has been to spawn sub-groups under individual leaders to carry out operations of which the official leadership did not wish either to approve or to disapprove—the classic case being the Black September Organization, under "Abu Iyad". In the present case, it is generally understood that the wave of operations against radical dissidents and their Iraqi sponsors is being run by "Abu Jihad", Fatah's equivalent of a chief of staff and a very close associate of the official head of both Fatah and the PLO, Mr. Yasser Arafat.

This pathetic struggle for control of a non-existent state and a heritage of failure and disposssession is not worth the lives it is costing. It should not be fought anywhere, but specially not in European capitals. Iraq is an Arab state that professes anxiety for closer economic and cultural ties with the West. The PLO is a constantly seeking Western recognition and political support and trying to demonstrate its international respectability. Neither can expect to be taken seriously so long as their agents and surrogates are spraying the streets of London and Paris with gunfire.

Syria does not appear to be directly involved in the struggle, but can be assumed to be on the PLO's side, and indeed delighted to see relations between the PLO and her rival Iraq reach such a pitch of open hostility. Iraq is no doubt equally delighted to see Syria still in trouble in Lebanon. For Syria effective military control of all Lebanon north of the Litani is now clearly an overriding priority. Many would say that political and military control of Lebanon has been Syria's real aim all along. Against that Syria has the legal argument that her intervention is supported by the Lebanese state and carried out in its name, and the political argument that she is the only power capable of restoring and maintaining civil peace. But the moral force of those arguments is lost when the method she uses is the systematic shelling of residential areas. It is the height of callous cynicism to claim that such tactics are part of a peace-keeping operation designed to ensure the population's security. President Assad will not be intimidated by the United States House of Representatives vote to cut off ninety million dollars of aid. But he should be concerned at the damage to his former reputation as a moderate and responsible leader.

R THORPE'S CANDIDATURE

It is not to be regarded as a criminal offence unless he is found guilty by a court of a criminal charge, ever serious, is not a finding, ult. When charged a man is entitled to protest his innocence to the court and to public at large. The best way for him to do that may be to go on with his concerns as if nothing had happened, with a slight election likely to be held in this case is tried the way of carrying on as if it is to declare his readiness to stand as a candidate in election. It was therefore not for Mr Thorpe to do that, characteristic of his nature, the voters of North Devon do not see it that way—those who would have been needed to vote for Mr Thorpe, for the outstanding criminal against him—if they are in opinion that a man in his position ought to retire from

the field until he has cleared his name, or if they resent being confronted with the possibility of a second election in North Devon within a matter of months, or if, in the privacy of the polling booth, they are not prepared to make a presumption of innocence, then the remedy is before them in their own ballot papers. And if in the event Mr Thorpe loses the seat, his candidature will not have lost for his party what his party might otherwise have won since the hypothesis about which there is least doubt is that another Liberal candidate coming to that constituency at this stage could not win it.

Liberal MPs, or some of them, are reported to be disturbed at Mr Thorpe's acceptance of his constituency association invitation to stand again. Throughout the long unfolding of the Thorpe-Scott affair the collective behaviour of the Liberal MPs has been a model of how not to react to adversity. They have, it is true, been sorely tried by the whole affair, and they have "complained" of Mr Thorpe's lack of openness and consideration

towards them. But calculation of their own interest should have been enough to cause them to suppress the signs of panic which broke out so conspicuously at times.

It is said that Mr Thorpe as a candidate would damage the chances of other Liberal candidates in the West Country and elsewhere beyond whatever damage the charges of conspiracy to murder may in any case do. It is not easy to discern the grounds for this belief. On the other hand repudiation of Mr Thorpe's candidature by his parliamentary colleagues now could not escape inference concerning their view of the innocence which he protests; and that, to many minds, would put the party in a very bad light, especially if Mr Thorpe were then to persist as an independent Liberal candidate. No doubt Liberal MPs feel that Mr Thorpe had no business to put them in this position. But since he has, they should make the best of it and leave him with North Devon to fight.

The evidence in a Scottish appeal

From the Director General of the Chemical Industries Association Limited.

Sir, The police are not alone in being concerned about BBC television's editorial policy (*The Times*, July 26). We in the chemical industry are currently in correspondence with BBC about three recent news stories concerning our industry, in which we feel that the treatment by the three BBC current affairs programmes was "unfair" in our view "unfair" to the extent of displaying actual bias and hostility to our industry, although that is admittedly just our opinion. However, our worries extend beyond these specific cases, to include "character assassination by selection" in the wider treatment, or rather untreatment, of our industry by television generally. Accidents and controversial allegations involving chemicals usually receive high key sensational coverage, whilst the vast areas of constructive activity by this industry and the people in it are largely ignored. The reason given for this invisibility of the attractive face of chemicals is often that our achievements lack viewer interest and appeal.

The news of police concern at their treatment leads me to believe that what we had hitherto regarded as our parochial problem could have wider social implications.

The concept of high public service in broadcasting, developed by John Reith, may now seem outdated and there may be strong public support for a more realistic approach having been shifted to entertainment as the principal *raison d'être* for television. However, the erosion of the White Paper on Broadcasting, following 16 months after the *Anglo Report*, is perhaps a suitable trigger to review our conventional wisdom regarding editorial freedom on television as it affects public interest in current affairs.

The Secretary of State's Prescribing Memorandum (which constitutes, in effect, an appendix to the BBC's Charter and Licence), inter alia, requires the BBC to refrain from "editorialising" in the sense, whilst retaining its editorial function. This apparent contradiction

Editorial bias in broadcasting

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adds a theological dimension to a managerial guideline.

Corresponding guidance for the IBA is given in the Independent Broadcasting Authority Act 1973.

However, as Sir Hugh Greene pointed out, "... different points of view in our programmes but not necessarily within each individual programme. Nothing is more satisfying than the current affairs programme in which all the opposing opinions cancel each other out, leaving a balance which is a period of time, rather than in a single programme."

If we were considering a carefully constructed lecture course, in which the student would attend, and would be equally attentive to, all the lectures, it might be tempting to agree. However, practically, and considering a medium which is apparently seen largely as entertainment, one has to regard such a view as academic and unrealistic. In the real world, balance, to be fair and effective, must be contained in a single programme, even though this may diminish its impact as entertainment. Some subjects are too important to our society to be consigned to the "bread and circuses" department.

This brings us to the crux of the question of how much editorial judgment and selectivity decisions it is reasonable to put in the shoulders of production staff properly selected for their artistic, creative and technical abilities in the absence of clear, and agreed guidelines on what is or is not acceptable. The answer, I believe, is that the BBC's editorial function is to be a society rather than a "bread and circuses" department.

Before the White Paper on Broadcasting came into legislation perhaps we should debate publicly some of its basic assumptions (Chapters 9 and 10) about responsibility and accountability for content and treatment of current affairs and news items. Certainly the 322 pages of the Annan Report deserve wider public study and discussion.

Yours faithfully,
MARTIN E. TROWBRIDGE,
Director General,
Chemical Industries Association,
93 Albert Embankment, SE1.

Sailing under the Panamanian flag

From the General Secretary of the International Transport Workers' Federation.

Sir, You reported on July 28 that two senior ship surveyors from the Department of Trade (which is seriously short of surveyors) are to spend up to four weeks "in Panama" giving advice on how to raise safety standards in Panamanian flag ships. Since this exercise is presumably being paid for by the British tax payer, may I suggest that a suitable surveying staff, can be effected by their going no further than Miami, Florida, where the Panamanian Shipping Bureau has its headquarters? Indeed, it may be unnecessary to go anywhere but New York, where most of the Panamanian flag operations seem to be carried out. In shipping, any link between the Republic of Panama and the Panamanian flag is quite tenuous (other than the cashing of cheques) and I am surprised that the Department of Trade appears not to know it.

What a utterly deplorable state of affairs the secondment of these officials discloses! For over 30 years, Panama has cashed in on the flag of convenience racket, reeking in the registration, annual tonnage and consular fees, and has spent as little as it could on administration, control or supervision of its "fleet". Throughout the safety record of "Panamanian" ships has been appalling. Untold numbers of ships have foundered or become major casualties, frequently with heavy loss of life, and in no case have the Panamanian authorities been inquired. Perhaps the British advisers could ask them how many lives have been lost. To our knowledge, the number has never been counted or recorded.

But why not abbreviate the advice given in the *Anglo Report* to advise them to reserve the Panamanian flag for the Panamanians? It is the only sane and moral thing to say. And, come to think of it, it is advice that could be offered by post.

Yours truly,
HAROLD LEWIS,
General Secretary,
International Transport Workers' Federation,
Maritime House,
Old Town,
Clapham, SW4,
August 3.

To be a farmer

From Mr T. B. Mills.

Sir, A number of county councils seem to be hoping to assist the balancing of their books by selling portions of their smallholdings estates. This includes Cambridgeshire, which has a total of 7,000 acres, leased as small farms to tenant farmers of modest means.

At a time when the loss of confidence in money has caused investors of many kinds to drive the price of land with vacant possession far beyond what each of us except the wealthy and a tiny number of the landlord and tenant system is itself diminishing almost to vanishing point, this would seem a remarkably shortsighted policy.

The urge to be a farmer is (or was) possessed by untold numbers of young men and women who have prompted many to avail themselves of the comprehensive training in agriculture now provided at the public expense. What they had in mind, one suspects, was to become a self-sufficient peasant, not an employee, not a foreman, not even a manager. A farmer no less.

The lack of opportunity to satisfy this urge, and the obvious insecurity and housing problems which so often accompany the limited number of smallholdings available, are causing many of the most promising individuals to leave the industry for good, within a few years of the completion of their training.

County smallholdings can enable such highly trained and highly motivated people to produce food which the country needs, even if the scale of operations and the rewards may be modest.

Large-scale operations and the massive use of capital do not automatically bring efficiency in farming. The family farms of Holland, Denmark, Norway, and many other parts of Europe are amongst the most efficient in the world. What large scale farming does do, is to substitute very high inputs for labour. It enables pay to be increased, and hours to be shortened. Naturally, the workers demand more of such golden eggs, so long as the goose can lay them. Who would then? It is a danger that the capital intensive large scale food production systems will become too dependent on fossil energy. The incentive of self employment on a family scale could be a very real asset, as well as providing a way of life for many when unemployment is an increasing problem.

Yours faithfully,
T. B. MILLS,
Worcestershire Farm,
Gosmore,
Dorchester,
Dorset,
August 1.

The Butler dynasty

From Miss Kathleen Nott.

Sir, It is a pity that Mr Hugo Morley-Fletcher (August 1) not only misquoted Tennyson, but attributed the misquotation either to Henry Montagu Butler, surely a scholarly person, or to Galsworthy—it is not from which the passage quoted in the *Passing of Arthur* is of course as follows (my italics):

"The old order changeth, yielding place to new,
And God fulfils himself in many ways,
Lest one good custom should corrupt the world."

This certainly makes better sense and makes Tennyson's point for him better than Mr Morley-Fletcher's version. Perhaps too if he had written it out in its original verse form he would have noticed the lameness of the rhythm left by the omission of the word "one". After all, Tennyson wrote far more verse than prose.

Yours truly,
KATHLEEN NOTT,
5 Linsfield Avenue,
Thornton Heath,
Surrey.

David Wood

Forward and backward to the manifestos

Callaghan, keeping a counter-claim on the election, has sent the Conservative Party a message, one which is not yet made up, his mind the date of the dissolution, and reminded us that youth is on the march. He has also reminded us that the Conservative Party is not yet made up, his mind the date of the dissolution, and reminded us that youth is on the march. He has also reminded us that the Conservative Party is not yet made up, his mind the date of the dissolution, and reminded us that youth is on the march.

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Conservative manifesto must ring true to her in every sentence.

Are we then in for what is called a "presidential election"? Only journalists and academics who have studied little the party manifesto, since 1832 could regard this as a new phenomenon. The game began in 1834 with Peel's Tamworth manifesto, addressed to his constituents, presented as an appeal to the nation, and its purpose was to dissociate Peel and the Peelites from the reactionary symbol of Wellington. The practice continued, although Disraeli suggested a collective party manifesto of a fairly modern kind. It was not until 1892 that Lord Salisbury, who as a peer had no constituency to address, appealed direct to the nation.

Leaving aside the 1935 election (when the three party leaders in the National Government put out a declaration of policy to the Conservative, Labour and Liberal parties), the big name of their leader into the post-war years. The Conservative manifesto, in 1945, for example, was called "Mr Churchill's declaration of policy to the electorate", and after that well-established leaders like Churchill, Eden, Sir Harold Wilson, and Lord Grimond usually wrote forewords for their party manifestos. In post-war years, for party constitutional reasons, Labour has published its leader's only when he has become well-established as a vote-getter (or at any rate the best card they had to play), and the Liberals have not always had an influential official figure as leader who would be worth mentioning.

An oddity is that as time passes the party manifestos have grown more verbose and unreadable for the electorate, especially for that rather pathetic part of the electorate—the "floating" vote—that determines who shall get power. The Lloyd George and Bonar Law coalition manifesto in 1918 ran to about 1,500 words, and Labour's Call to the People in about 1,000 words. During the 1920s and 1930s the manifestos lengthened to a little less than 2,000 words. In 1950, however, the Labour manifesto was 3,000 words, and the Conservative 2,000 words. In 1964, the Labour manifesto was 4,000 words, and the Conservative 3,000 words. In 1970, the Labour manifesto was 5,000 words, and the Conservative 4,000 words. In 1974, the Labour manifesto was 6,000 words, and the Conservative 5,000 words. In 1978, the Labour manifesto was 7,000 words, and the Conservative 6,000 words.

doubt have trouble in paying printers.

I use the word "oddy". After all, for a party leader it is television that has mattered since 1953, when Harold Macmillan brought the coup of sitting in a drawing room at 10 Downing Street with President Eisenhower in a colloquy between equals. The printed manifestos are well enough for a few of the party faithful and for candidates, but eventually make check lists of promises fulfilled for politicians, but no party manager believes that they are sufficiently studied directly to change or confirm votes. (Up to a point they are also useful to a party leader as a reminder to his restless parliamentary party that "this is what you were elected on and don't you forget it.")

The glitzy presidential theory of campaigning in a general election really belongs to the 1950s. Theodore White had published his remarkable work of reporting, *The Making of the President 1960*, and his account of John Kennedy's campaign, with its use of television, market research, and advertising techniques, profoundly influenced Harold Wilson and all the advisers of Alec Douglas-Home. What could produce a mass market for soap and detergents could produce a mass vote for a party leader. The days when any run-of-the-mill candidate could fill a hall in his constituency, as they could even in the 1930s, were over; and here at hand were ways to reach the absentee audiences on their own terms, to influence their judgment by advertising, slogans, and indeed to find out by opinion polls what they wanted to hear politicians saying.

Theodore White did not invent "presidential" politics in Britain; he simply developed it. I wrote in *The Times Literary Supplement* on September 24, 1964: "The (political) intellectual argument is constant, and more effective at a distance from the period of electioneering than immediately before or during the campaign. What parties and party leaders need and value as polling day comes near is not a thinker but a salesman, not a writer but a copy-maker, not a philosopher but a phrase-maker. For the end of electioneering is the mass production of votes, and the techniques of detergent promotion apply." At least we can say the unread and unreadable manifestos are the intellectual part of politics.

Freedom of choice

From Mr Ronald Cohen.

Sir, Professor Hayek (August 3) says "I have not been able to find a single person, even in a very bad, who did not agree that personal freedom was greater under Pinochet than it had been under Allende".

It is hard to believe that he does not well understand that such a statement is only a truism when those who disagree have been imprisoned, expelled, terrified into silence, or destroyed.

Yours faithfully,
RONALD COHEN,
17 White Court,
200 West Hill,
Purley, SW15.

Moscow Olympics

From Mr Eric Ambrose.

Sir, I fear that Lord Noel-Baker is a singular naïveté in believing (July 28) that "if the Games go well the impact on the thinking of the Russian people will be far-reaching and profound". The German Games of 1936 followed very well, and my following publication of my article in *The Times* of July 18, I received a sad letter from Cologne, from a Mr Ricardo Kolbe: "I remember the many times when I discussed the Nazi regime with young, well educated, Germans. Almost every time it was argued that the then democratic governments recognized the German regime also by attending the Olympics in 1936. How could then a normal citizen openly dare to oppose the regime three years before the outbreak of the Second World War?"

Mr Kolbe sounds no more of a chauvinist than Mr Beverley Nichols or the dissidents. If the Russian organizers and the men and women in the street with whom Lord Noel-Baker has discussed the matter really understood the Olympic spirit they would follow the ancient Greeks and ston the war against the dissidents—at least in the run-up to the Games and so indicate that they really wish to create the spirit of international friendship and solidarity which is the outstanding characteristic of every celebration of the Games.

There is still time for Lord Noel-Baker to make a public statement to earn the gratitude of today's democrats.

Yours faithfully,
ERIC AMBROSE,
Macclesfield,
Cheshire, NW7.

Providing school milk

From the General Secretary of The National Association of Head Teachers.

Sir, Mr John Silkin is entitled to play politics, whether it be on behalf of the Government or on behalf of the National Farmers' Union, but he is not entitled to make statements which are completely untrue, or which are so close to the truth as to be described as "crazy" for the National Association of Head Teachers to suggest that there are better and more urgent educational priorities upon which to spend the money which would have to be allocated to school milk by local education authorities after April 1979. Some local education authorities, if they introduced milk, would have to cut vital expenditure in 1979-80.

It is hardly to be described as "crazy" for the National Association of Head Teachers to suggest that there are better and more urgent educational priorities upon which to spend the money which would have to be allocated to school milk by local education authorities after April 1979. Some local education authorities, if they introduced milk, would have to cut vital expenditure in 1979-80.

Using inland waterways

From Dr Mark Baldwin.

Sir, The last four years have seen four different parliamentary committees (on transport expenditure, shipping, energy use and the British Waterways Board) argue that the greater use of inland waterways for bulk transport would be in the national interest. Each started from a different stance, but all came to the same conclusion, and all suffered the same fate at the hands of the Department of the Environment.

A mere six weeks ago, the Secretary of State for the Environment named a select committee to recommend a plan of investment in all transport modes should be adjudged by the same criteria, and declined to invest in the Sheffield and South Yorkshire Navigation. Such consistent behaviour may come as no surprise, but it was interesting to discover that earlier this year

to have free milk in this day and age. If any child has such a need the existing regulations cover his/her situation.

The present scheme, which enables infants to have free milk, is already subject to considerable wastage. This is also bound to be the case in connection with any supply for "junior pupils".

The NAHT is purely concerned to ensure that the education budget is spent on matters of priority and to ensure that its members receive proper ancillary help in connection with the administration of any scheme which is adopted by local education authorities.

Mr Silkin should bear in mind that despite the subsidy it will still be necessary for local education authorities to spend some £125,000 per school on the milk introduced, and that there is no guarantee whatsoever that the teaching staff will cooperate in the distribution, supervision and collection of the milk, particularly if the cost comes out of the education budget.

Yours faithfully,
D.M. HART, General Secretary,
The National Association of Head Teachers,
41-43 Eoking Road,
Haywards Heath, West Sussex.

a report on inland waterways, commissioned by the DOE, had been completed. The "operation" of co-ordinating the European inland waterways. Having carefully compared the transport charges for bulk commodities between a location in the United Kingdom and one in Germany, the report shows that the R/Ro ferry to be the cheapest. The report concludes "A national policy of siting users of bulk commodities next to waterways, is indicated."

We can no longer feign surprise when a Minister ignores the good advice of Members of Parliament, but to commission consultants to tell him he's wrong as well is surely a display of political masochism unfitting for a Minister.

Yours faithfully,
MARK BALDWIN,
Department of Civil Engineering,
Imperial College of Science,
Technology and Medicine,
Imperial Institute Road, SW7.

THE TIMES

BUSINESS NEWS

Miners get Benn backing for coke study after BSC advised to import

Miners' union leaders have urged the Government to initiate a study of the steel industry's future for British coking coal after learning that Japanese experts have advised the steel industry to buy high-grade coking coal produced in their country should be allowed to make in supplying a mix of fuels to the new 10,000-tonne a day capacity blastfurnace.

In his communication to members of the NUM executive, Mr. Benn said that the BSC's advice to import coke was a "major step" towards the steel industry's "dependence on foreign supplies".

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Cost of increasing coal production up £150m

The rising costs of the coal board's plans, however, are bound to add to the doubts expressed, particularly by the Central Electricity Generating Board, that the targets can be reached.

Selby, which is an essential part of the Plan for Coal, is intended to reach full output of 10 million tonnes a year from 1987-88. NCB production last year was static at 11.8 million tonnes.

The original estimate of the cost of the Plan for Coal, which took production through to 1985, was £1,400m at March 1974 prices, but was revised to £3,150m later. At July, 1978, prices that figure has grown by 37 per cent to £4,340m.

If the targets are to be reached for either 1985 or 2000 the rate of capital expenditure must increase.

The coal board has set itself the target of financing half of its capital spending from its own resources, yet last year it managed only 37 per cent self-financing against 44 per cent the year before.

Sir Derek Ezra, chairman of the NCB, has said that if productivity rose by the full 3 per cent planned for the miners' incentive scheme, which was introduced last year, self-financing would be achieved, but in the first quarter it was only 12 per cent.

Miners' group for ECGD

Miners' group for ECGD... The group is set up to advise the Government on matters relating to the coal industry's export earnings and to represent the industry's interests in the ECGD.

OFT may seek change in law on credit cards

By Edward Townsend

Changes to a vital section of the Consumer Credit Act are almost certain to be sought by the Office of Fair Trading in an effort to ensure that credit card holders are fully protected against defective goods.

Since the Act was amended a year ago, the OFT has claimed that Access and Barclaycard, the two big card organizations, were interpreting the new rules wrongly and denying statutory protection to the vast majority of cardholders. The matter has been argued in talks between the OFT and the banks over the past year.

Now, failing clear public assurances from the banks that they will operate the new rules in the way that the OFT claims Parliament intended, there will be strong pressure from Mr. Gordon Brown, Director General of Fair Trading, for a rewording of the Act.

The issue has arisen over interpretation of Section 75 of the Act, which became law on July 1, 1977. It gave people the right to claim against the lender of faulty goods bought on credit as well as the retailer. It was designed, particularly to protect the consumer in hire-purchase deals but the credit card companies claimed that it could not apply to those who held cards before the section became law.

The OFT told the banks this would create two classes of cardholder: only those who had taken cards after July 1, last year, covered under the law. The banks, for their part, have complained that by including all cardholders they would be liable for the cost of any goods bought plus any consequential loss.

It is understood that Access and Barclaycard have suggested that they be restricted to the amount of credit given in the initial transaction. But it has been made clear by the OFT that it is not in a position to bargain over the law and that if the Act is unclear it must be amended.

Both card companies said last week that the discussions were continuing and they hoped to make a statement as soon as possible.

A spokesman for Access added that its attitude was always that if a cardholder had a dispute, whether or not he was covered by the law, the banks would do their best to ensure it was resolved.

More closures feared in knitted goods companies

By Derek Harris

Commercial Editor

More company closures in the knitted goods sector, which has been hit by a spate of company goings out of business in the past six months, were forecast at the weekend.

The warning came from Mr. Peter Bailey, president of the Leicester and District Hosiery Manufacturers' Association, which accounts for a third of the industry, now overall worth around £1,000m a year in annual turnover.

The industry, which turns out many knitted items such as fabrics and dresses, is centred in the Leicester and Nottingham areas.

The Leicester Association, which has 300 member companies, has seen five closures in the past few months with a loss of some 700 jobs. There have been about another 10 closures elsewhere.

Mr. Bailey said: "There is almost no doubt that there will be more closures. Much of the industry is suffering from a fall in demand and from severe competition from cheap imports. Margins are generally depressed and many companies are trading at a loss and even more at break-even level."

The businesses most at risk appear to be the medium-sized, employing between 100 and 150 people. They are usually not large enough to be able to meet the supply demands of big chain stores, which offer the larger companies a corner-stone for production.

Some 7 per cent of the industry's total workforce of 120,000 are, it is estimated, in jobs protected by government payments of temporary employment subsidy.

And there is still a shortage of skilled labour, which is one factor worrying industry leaders as they move into the annual wage bargaining round. They recognize the need for improving wage levels for some skilled personnel.

But, unless increased productivity can be built into the new round of wage deals at plant level, a too-high national wage settlement with fringe benefits like a reduced working week with no loss of pay will add too much to the industry's costs.

This could particularly hit exports which at £275.5m last year accounted for more than a third of the industry's turnover. Mr. Bailey believes that could only result in the loss of more jobs.

White House and Congress at fiscal loggerheads: Fight looms on American tax cuts

From Our United States Economics Correspondent

Washington, Aug 6

A battle is developing between the Congress and the White House over tax cuts.

The Carter Administration's point of view was defined by Mr. Michael Blumenthal, the Secretary of the Treasury. He said that a tax cut this year of "around \$20,000m" (about £10,415m) was essential to maintain a real economic growth rate of 3.4 to 4 per cent.

The Administration has proposed a \$19,400m package of tax cuts, but its detailed suggestions have been radically changed by the Ways and Means Committee of the House of Representatives.

Mr. Blumenthal noted that the Administration was willing to agree to compromises, including acceptance of cuts in capital gains tax rates.

Mr. Stuart Eizenstat, the assistant to the President for domestic affairs and policy, noted that President Carter would not take a final decision on whether to sign or veto a tax bill until the legislation had gone through all its stages in the Congress.

Mr. Michael Blumenthal: wants \$20,000m tax cuts.

Mr. Blumenthal and Mr. Eizenstat, at a joint press conference, outlined the sort of tax bill that the Administration would like to see. They said they were giving their full support to a comprehensive amendment to the Ways and Means Committee's bill that is now being sponsored by Congressman James Corman of California and Congressman Joseph Fisher of Virginia.

The Ways and Means Bill, which is awaiting debate before the full House of Representatives, calls for personal income tax cuts of \$10,400m, business tax cuts of \$3,800m and capital gains tax reductions of \$1,900m to produce total tax reductions of \$16,100m.

Mr. Blumenthal said that the Corman-Fisher amendment reworded an important provision of the Ways and Means Committee's bill by providing much greater relief to low and middle income earners.

He estimated that there was a "50-50 chance" of getting the Corman-Fisher amendment accepted. These proposals, plus business tax cuts of \$3,800m and capital gains cuts of \$1,900m produce reductions of \$16,100m.

Mr. Eizenstat and Mr. Blumenthal indicated that the Administration would try to convince the Senate to accept all of its original proposals, so that the final bill agreed between the House of Representatives and the Senate involved total tax cuts of around \$20,000m, and should provide major benefits to low income earners.

Labour MPs want Allied Breweries takeover of Lyons referred to Monopolies Commission

By Brian Appleyard

Two Labour MPs have begun to exert pressure on Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, to refer the 164m agreed takeover of J. Lyons by Allied Breweries to the Monopolies Commission.

Mr. Walter Johnson, MP for Derby, South, described the bid as "classical" for the commission. He said: "What breweries have to do with selling ice cream is beyond me. The minister should not allow this deal to go through without proper examination of the terms."

Mr. Johnson said the only people to benefit from the deal were the speculators in Lyons' shares and he accused Allied Breweries of forcing beer prices up by 2p a pint earlier this year by "exploiting" weaknesses in the safeguard clauses of the price code.

"I hope there will be no repetition in regard to their new products if this deal goes through," he commented.

The other Labour MP is Mr. Douglas Hoyle, member for Nelson and Colne, who asked Mr. Hattersley to "keep his eagle eye" on the situation.

A spokesman for Samuel Munn, the merchant bank advisers to Allied, said yesterday that the authorities had not been consulted in advance about the bid but were told at the same time as it was publicly announced.

He said the two companies were due to meet officials of the Office of Fair Trading. He went on to attack as "hysterical" the suggestion that the City was against the whole deal.

He pointed out that part of the 9p fall to 84p in the Allied share price on Friday was reaction to the price rises earlier in the week after Allied had successfully completed its rise of the 2.4 per cent stake in Trust Houses Forte.

But there was certainly some disappointment as well as surprise among stockbrokers in reaction to the deal.

The main problem facing analysts appears to be whether Allied plus Lyons can produce the type of growth that had been expected of Allied alone. This links up with the feeling that the quality of Allied's earnings will be significantly damaged by the acquisition.

The instructions have been ambivalent. On the one hand they were pleased to be offered a chance to sell off their Lyons' shares at a far higher price than looked likely in the market for some time. But those holding only Allied shares were described as "disillusioned".

The Monopolies Commission threat is being taken very seriously. The new guidelines under which takeovers have to be proved positively beneficial rather than simply not harmful were seen as a major stumbling block for Allied.

But the opposite argument is that Lyons may not have been able to continue to support its workforce of almost 20,000 in view of its current trading difficulties.

Belgium to halve rise in spending

From Peter Norman

Brussels, Aug 6

Belgium plans to cut back by more than half the rate of increase of government spending next year.

Announcing the 1979 budget plan, Mr. Leo Tindemans, the Prime Minister, said last night that government spending would rise next year by only 6.75 per cent to 1,022,300m francs (nearly £16,500m) compared with a 14.4 per cent rise planned for this year.

He announced that taxes would not be increased either this year or in 1979, and that the Government was planning to limit next year's budget deficit to 80,600m francs, compared with the 76,000m franc deficit forecast for 1978.

The spending plans, which were agreed yesterday after a special meeting of ministers, reflect the Government's very limited room for manoeuvre in financial policy.

Belgium's high taxation levels and the depressive effect of its large public sector borrowing requirement on the exchange rate of the franc have forced the Government to seek to deal with unemployment through further spending.

Although Mr. Tindemans said that next year's budget should help to stimulate the economy and promote employment, Mr. Mark Evensens, his budget secretary, gave a warning that the Government would have to exercise an "iron discipline" over spending for several years.

Unions campaign to block foreign control of British plastics group

By Our Industrial Editor

A number of trade unions are asking the National Enterprise Board and the British National Oil Corporation to use their influence to stop either Norwegian or Dutch interests taking over Vinatex, the British plastics producer.

Imperial Chemical Industries, which is a major supplier of raw materials to Vinatex, has also apparently made behind-the-scenes approaches to offer technological help if Vinatex can be kept in British ownership.

Vinatex is jointly owned by Continental Oil and Staveley Chemicals (in which the National Coal Board and the British Steel Corporation each hold a 45 per cent shareholding) and the Dutch company DSM.

Since Conoco began several months ago seeking offers for its British chemicals interests, the Norwegian Norsk Hydro and the Dutch DSM have emerged as the main contenders in the bidding for Vinatex, which buys vinyl chloride monomer from ICI.

The loss of business for ICI could complicate its plans to expand its vinyl monomer plant at Teesside.

Both the General and Municipal Workers' Union and the Association of Supervisory Technical and Managerial Staff have asked the NEB and BNO to promote rival bids for Vinatex.

Observers in the chemicals industry think it unlikely that ICI is prepared to make a counter offer, but sources suggest the British chemicals giant would offer technical expertise to the coal board and British Steel if they moved in, through their existing substantial holdings in Staveley, to take direct control of Conoco's half-interest in Vinatex, and commit themselves to an expansion plan.

Both the Norwegian and the Dutch concerns are looking at Vinatex as a potential outlet for "cheaper" production of monomer, in the case of DSM, the coal board is already a partner with the Dutch concern in the production of Nyrpol carbide.

Vinatex runs a PVC plastics plant at Staveley, and has done well in spite of the chemicals recession.

ICI recently announced that it had decided to suspend for several years plans for a major expansion of vinyl chloride monomer production at Wilton, Cleveland, because of doubts about the commercial feasibility.

Conoco is examining carefully all offers and various tentative approaches in close consultation with its partners in Staveley, but has not reached any firm decision. It is likely that the attitude of the coal board, which owns a partnerable to expand Vinatex, will be decisive. Besides, ICI interest has been indicated by BP Chemicals and Rio Tinto-Zinc.

It remains to be seen whether the BNO and the NEB will seek to intervene, offering their good offices in settling the question of Vinatex's future.

Regions competing for microelectronic plant

By John Huxley

Competition is growing among the regions to provide the location for the new government-backed microelectronics project which is expected to create about 4,000 jobs over the next five years.

The National Enterprise Board has agreed to invest an initial £25m in the controversial venture, named Impos. It intends to set up a plant in Britain to design and manufacture integrated circuits for the world market.

The Midlands Chamber of Industry and Commerce has written to its local MPs urging them to bring pressure on the Government to ensure that all or part of the company goes to the region.

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NEB in Jeddah venture

By Business News Staff

A joint marketing venture backed by the National Enterprise Board which aims at winning work in the Middle East for British building contractors and material producers, has received an encouraging response from companies interested in using the service.

It is intended that the new company will operate from offices in Manchester, London and Jeddah, in Saudi Arabia, and offer an administrative service for companies seeking sales, contracts and business partners.

The main equity holders in the company, which is likely to be called Middle East Building Service, will be the NEB and The Builder Group, building industry publishers.

Mr. David Cockin, of Building Management and Marketing Consultants, which is among the promoters of the service, and a director of the new venture, said that unsolicited inquiries had been received from about 140 companies.

A few were specialist sub-contractors, but the majority were materials suppliers. They included companies specializing in catering equipment, shopfitting and contract carpeting.

Wheat crop: a grain of hope for US trade

America's balance of payments may well be moving into better shape than is widely appreciated. It is certainly good news for the United States that the latest wheat crop estimates suggest that foreign grain sales will once again reach a high level.

Agricultural exports are of vital importance to the United States balance of payments, and there were fears that the harvest this year might be too good. However, despite the strong possibility that total wheat production will be below the 2,000 million bushel volume for the first time in three years, the Department of Agriculture is confident that exports are likely to match the 1,224 million total achieved in 1977.

The department's July estimates have proved to be reliable in the past, and officials are particularly optimistic about the accuracy of their forecasts for the current year. It is noteworthy that at mid-July export commitments totalled around 400 million bushels, which is a fifth higher than the total at the same time last year.

Wheat prices are also seen as holding fairly steady on the United States foreign income from agricultural sales this year should be high. The department does note that most of the world's major wheat-producing nations, except India, had reduced crops last year, but that the outlook for this year indicates a volume close to the record two years ago.

The department says: "This may lead to decreased import requirements, particularly from western Europe, north Africa and the USSR. At this time, increased 1978-79 sales to Latin America, Asia and eastern Europe seem likely."

Given this prospect, there is increased optimism on the part of administration economists that the improving balance of trade trend will continue.

These experts also assert that many analysts abroad and traders in the currency markets do not appear to have recognized fully the degree to which the United States trade balance has been improving.

In February the trade deficit soared to a monthly record of \$4,517.8m (about £2,300m) but since then there has been a sharp decline. In March it was down to \$2,787.2m, then the following month it gained a modest \$74m, before continuing to move down sharply in subsequent months.

In May, the deficit total was \$600m below the April level, and in June it fell a further \$600m to \$1,537m—the June total was thus almost one-third of the total registered in February.

With agricultural exports now almost certain to be high, with the Germans moving to stimulate their economy and with the dollar's devaluation—already showing clear evidence of strongly aiding the United States export effort, it is understandable why there is now some cautious optimism in official circles about the balance of trade prospects.

Frank Vogel in Washington

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- * Current trading is good.

Earnings per share p.
Dividends per share p.

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1974	9.7	4.548
1975	13.1	4.934
1976	13.1	5.428
1977	15.2	6.0

For a copy of our latest accounts please write to:
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How Lex Service found its way back

The City still, however, has its reservations about this con-

First it moved into vehicle leasing, becoming one of the biggest in the country with Controlled Cost Motoring in 1969. Theo the group went into tyres and accessories. But both left Lex tied too closely to the motor trade.

When the bills came rolling in Lex was slow to react; but when it did, it did so wholeheartedly. In came management from all over Lex. In came proper hotel accounting.

Here we have a paradox. Management, a cult if there was one, at Lex, fell down in supposing that The Heathrow hotel would have the airport to itself. Instead competitors shot up like toadstools after a

of management to think about the company's future. This is what the chief executive in any large concern should do and little else. Why else pay superordinates? They can probably do the work better than you can anyway."

Peter Wainwright

Meanwhile, British qualifications in technology are increasingly being weighed and tested by the other members of the EEC in Brussels, and by developing countries all over

Yours faithfully,
F. ANDREW SHARMAN,
The Athenaeum,
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is saving and investing,
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SECRETARIAL APPOINTMENTS
ALSO ON PAGES 4 AND 11.

**SECRETARIAL APPOINTMENTS
ALSO ON PAGES 4 AND 11.**

BY THE FINANCIAL EDITOR

Underwriting cycle on an upswing

There has almost certainly been the challenging ever for composite in the critical question investors will answer from the interim profits that begins with Commercial Union is not so much whether the profits of the last couple of years is strong—strong first quarter results point to an improvement of around for the seven big companies—as omer that the next inevitable down in the underwriting cycle will not ring the industry to its knees as it 1974-75.

managements whose lifeline has also in quantifying the unquantifiable 1970s brought problems that were y unmanageable. Inflation and a depression bit deeply into profits fell by roughly a third in the 1972-73 while the collapse in United n financial markets cut the in capital base to the bone.

the past couple of years the com have been doing their best to nut onuses in order, and while the under cycle has been working in their the profit recovery has been nrod. The next downturn is due in 1979, what ought to be occupying the if investors is whether the composites able to withstand rate-cutting when's becomes harder to find.

while the deceleration in inflation at the pressure off solvency margins at around 55 per cent for the sector role, are high by both historical and nional standards and more than the dark days of 1974. The state of issues over the last couple of years, with the stronger trend in retained and capital appreciation on investas meant that solvency is not now an

crucial issue, then, is the course of derwring cycle. This year should composites swing back to break- ter underwriting losses of £325m previous three years. The United market is the key, having accounted ost three-quarters of these accumu- sses.

quarter results confirmed that loss ense ratios are now well below 100 t, although controls on premiums likely that the United States will do ater than break even next year and r after. Workers compensation and, ngly, product liability are still minut overall the industry is expecting lertwring cycle to be kinder this and. Elsewhere the United Kingdom patchy but there are still recovery is in Europe for the composites.

prices, however, remain wary about e confident noises emanating from nstry. Despite last week's stronger e sector as a whole is still a quarter peak although most of the paper rights issues has now worked itself ong hands. Yields available are a quarter better than the rest of ket and with dividends three times on average the sector has income us over the next few years.

not of the profits recovery has been id this is the wrong side of the ipping cycle to think about buying the except on purely trading grounds. eek's results should provide the ny with the United Kingdom ed groups like Suo Alliance, Eagle Guardian Royal Exchange the pre- ticks at present among analysts.

and liquidity
ide for
lies?

fficulty in looking for a simple guide to the future direction of the market always lies in knowing how significance to attach to which eco- and-financial fundamentals at any ar moment. Current projections of e earnings and liquidity underlie ne.

the past year the correlation between ility and equity prices has been ss close than earlier in the present e since early 1977 profits growth has ldeclining in monetary if not real- while equities have been buoyant, some sort of link is assumed, the for equities ought to be promising, llips & Drew's current calculations growth should now begin to accel- show an overall rise of 12 per cent ar rising to perhaps 18 per cent in their slowing towards the year end. le same time, however, balance sheet

liquidity may be deteriorating into 1979. Tax and dividend payments should be rising, as will profits due abroad and capital investment. P D forecasts a £1,000m deficit this year followed by £2,500m next. Since there has tended to be a close relationship recently between the rise and fall in company liquidity and the rise and fall in equities, the implications might be taken as bearish.

What is not in question, however, is the ability of most companies' balance sheets to cope with the additional borrowings that the decline in liquidity implies.

presently at its lowest level for many years. Meanwhile, this simple analysis of profit and liquidity as a guide to equities takes no account of interest rates—an increasingly influential factor over the past two years. On this count the outlook for 1979 is beginning to look much more encouraging than it did until recently.

World sales of Krugerrands, the small investors' bullion, are soaring, with 400,000 being snapped up last month compared with 220,000 in June. Most are going to the United States, helped by the weakness of the dollar and the corresponding record price of gold prop. United Kingdom demand for the South African coins has not much strengthened, however.

This is rather surprising because, while it is true that import of the coins by private investors has been banned for three years, the domestic pool is big and, the price should be linked to international markets by freedom to sell United Kingdom Krugerrands to foreigners and the right of authorized bullion dealers to import them.

Nevertheless, the United Kingdom premium over Krugerrands' gold content has not significantly increased from its usual 3½ to 4 per cent. Nor has the differential with the external premium of around 3½ per cent changed. It would appear that United Kingdom investors are not excited by gold going above \$200 an ounce, so long as domestic inflation does not look bad and sterling performs satisfactorily, against the dollar at least.

Small company finance The problems in loan guarantees

The Roll Committee's working party report on loan guarantees for small businesses reveals a mass of practical and theoretical difficulties which neither the working party nor the committee have been able to resolve. At the heart of the matter is the fact that the banks already exist to assess loan opportunities on a commercial basis and, in recommending an experimental commercial scheme, the committee is effectively saying they have fallen down on their job.

Tentatively the report suggests there may be instances where the banks could be over-cautious.

The central problem is the distribution of risk: if the banks accept 15 per cent or less of the risk on loans they have vetted which are subsequently guaranteed the overwhelming incentive becomes simply to push anything remotely risky through the scheme. Arguably little new money would be injected into small businesses while the banks would simply take the chance to shed risky loans. Conversely if, as the Treasury and the Department of Industry have argued, the banks should take 50 per cent of any risk, they would probably regard it as so big that they would not be prepared to extend lending frontiers at all.

The other side of the coin is that a commercial guarantee agency would also have to balance its risk element: if it were too strict the vetting procedures would simply mirror those presently operated by the banks; if it were too lenient the scheme would generate enough failures to destroy any hope of being self-financing. This latter would degenerate into a "soft" subsidized scheme specializing in pouring cash into wild ventures. Meanwhile, a commercial guarantee agency would imply premium payments and would thus raise the costs of funds to borrowers.

Clearly both the civil servants who are worried about starting a scheme, which would either have no takers or could turn into a monster, and the banks, who face both an additional administrative burden and the risk of finding they were wrong about the scope for successful loans, are forceful parties in this debate. But in fact it is difficult to understand the mess of bedding in the working party's report: a trial is obviously needed to discover the correct allocation of risk element and the level of demand.

The Cabinet are to decide within the next few weeks whether the British aircraft industry should collaborate in the development and construction of the next new airliner with partners from Europe or from the United States.

Opinion in Whitehall is that ministers will recommend that Britain should become a full member of the European Airbus consortium, joining the major partners, France and West Germany, to develop the 200-seater B10 version.

But the feeling in the industry itself is that such negotiations could founder when Britain demands from the Europeans a "low entry fee" recognition of the money already spent developing the Airbus—and also pressure for the new Airbus to be fitted with a version of the Rolls-Royce RB 211 engine, rather than engines from one of the big American companies.

Attention will then be redirected to the main contest for partnership in one of three 180-seater new aircraft types, and the opinion concludes, one of the two American proposals will be selected, rather than that from the European stable.

British Airways and Rolls-Royce are known to favour the Boeing 757 over the McDonnell Douglas advanced technology medium range (ATMR) aircraft and the European JET 2, another joint design venture. The former are impressed with Boeing's aerodynamic expertise, while Rolls sees the 757 as an ideal vehicle for the 535 version of the RB 211 engine, which it badly wants to develop.

There is, however, a strong body of opinion favouring the ATMR within the Cabinet subcommittee which has been looking into the merits of the various proposals. This is largely because the McDonnell Douglas "package" includes collaborative work on a number of other aerospace programmes, among them an advanced supersonic airliner to carry 225 passengers.

The ATMR could also employ the RB 211 535 and has the added advantage, in the eyes of the subcommittee members, of being a new technology airliner, while the 757 relies on an existing fuselage.

The technical prospects of

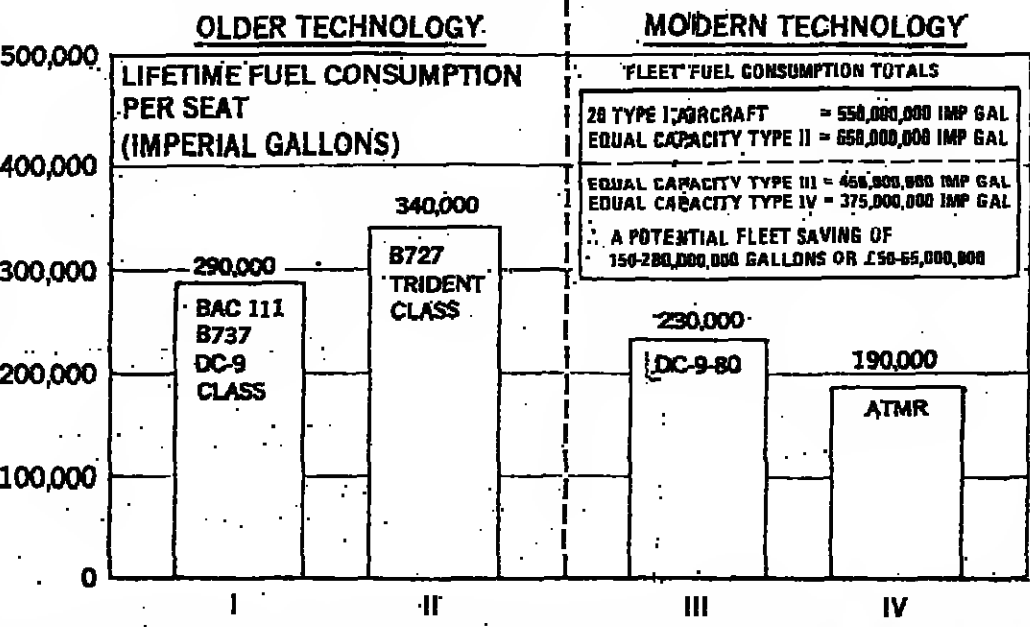
the three projects which have been placed before the Cabinet are as follows:

Boeing 757: Length, 149ft 4in.; wingspan, 129ft 8in.; height to tip of fin, 40 feet. To be powered by two General Electric CF6-32, two Pratt and Whitney JT10D-X(32), or two Rolls-Royce RB211-535 engines.

It would carry 178 passengers in a mixed first and economy class layout with "seat pitch" (knee-room) of 38 inches and 34 inches; 192 mixed-class passengers with a 38/32-inch seat pitch; 166 passengers with 38/36-inch seat pitch or 200 passengers with a 32-inch seat pitch.

ATMR would also carry, 1,392 cubic feet of bulk cargo; 17 cargo containers and 266 cubic feet of bulk cargo. According to the McDonnell Douglas brief, their airliner would give each economy passenger 18 inches of shoulder room with a central aisle of 19 inches wide, compared, they say, with a Boeing 757 seat

Narrowing the choice for Britain's next airliner partnership



The Cabinet subcommittee considering future airliner building partners for Britain has been provided with a wealth of chart material by the manufacturers, including a forecast comparison of the amount of fuel which would be used during the lifetime of aircraft. The chart reproduced here shows the remarkable fuel savings claimed for the ATMR.

width of 17 inches and an aisle of 18 inches.

Composite materials would be used in a large number of places.

The wing would be of a "supercritical" design—that is, it would have an advanced aerodynamic shape which would mean that the customer airlines would use less fuel, while the cockpit would have advanced avionics (electrical and electronic equipment)—as would all three contenders.

Using two RB 211 engines, the ATMR would, it is claimed, create only 58 perceived noise decibels, compared with 91 by the European Airbus, now considered to be the quietest of the new jets.

A very favourable fuel consumption is also a feature of the ATMR.

Boeing 757—100: Length 164 ft 5 in.; wingspan, 124 ft 6 in.; height to tip of fin, 35 ft 3 in. It would be powered by the same choice of engines.

In mixed first and economy

that offered by McDonnell Douglas, it is more of a sub-contractor than a partnership deal and that as Boeing is going ahead with its bigger 767 project, the 757 could receive a lower priority.

European JET 2: Length 133 ft; wingspan 111 ft 7 in; height to top of fin 41ft.

It would be powered by the CFM 56 engine which is being jointly developed by the General Electric company, of the United States, and Snecma, the French state-owned engine company. It would therefore be unattractive to the Cabinet, in considering future employment at Rolls-Royce.

JET 2 could carry 151 passengers in a mixed-class layout with 38/34-inch seat pitch or, in all-economy layouts, 163 passengers at 34-inch seat pitch, 172 passengers at 32-inch seat pitch and 179 passengers at 31-inch seat pitch.

Total usable underfloor volume for cargo and baggage is 1,448 cubic feet. Each economy class passenger would have 20 inches of shoulder room and the overhead aisle would be 19 inches wide.

Wings would have an advanced aerodynamic section. It is claimed that "fly-over" noise with two CFM 56 engines would be 87 perceived noise decibels.

JET's developers, too, promise potential customers starting reductions in the amount of fuel which they would use compared with present jets. JET 2 would, for instance, burn 32 per cent less than the Boeing 727-200 and 17 per cent less than the McDonnell Douglas DC 9-80, a new and quiet version of the well tried DC 9, which is being developed for Swissair and other noise-conscious airlines.

Assuming fuel at 50 American cents a gallon, operators of the DC 9-80 would make -23 per cent less annual profit than those with JET 2 in their fleet. Operators of the Boeing 727-200 would make -39 per cent; less annual profit.

Advanced composite materials would be used in floor beams, wheel doors, wing fairings, engine intakes and cowls, as well as wing and tail control surfaces.

Arthur Reed

Increased attraction of 'white collar' productivity deals

A surge of productivity pay deals will herald the arrival of the new earnings season under Phase Four which is all very well for the blue-collar worker—but where will it leave the white-collar man?

Unless he is one of the few lucky ones able to do a deal "on the side" it means that his financial status compared with the shop floor will be further upset. Even at a fairly senior level, some managers take home no more than a blue-collar man who goes overtime, shift payments and bonuses.

The solution is obvious and at last it is dawning on those concerned, three years late.

From senior management down there is a rush of interest in white-collar productivity deals—and if the 5 per cent policy survives deep into the coming pay round that interest is likely to surge into a stampede.

The problem is how to measure white-collar productivity and it is increasingly being headed to the "hoosey broker" business management consultants.

The Management Consultants' Association reports that more and more companies are either redrawing present blue-collar productivity schemes to include white-collar employees or setting up separate arrangements for white-collar staff.

Rather than measuring the output of small sections of people, the emphasis is on establishing company-wide, division-wide or group-wide

schemes, linked to a total performance index.

In perhaps three cases out of five a system of added value has proved the best index of productivity against which to relate white-collar labour costs. Mr Douglas Calf, of P.E. Manufacturing & Personnel, emphasized the need for an index that was simply and quickly devised so that bonuses could be worked out quickly.

Mr Duncan Wood, of Binder Hamlyn Fry, thought that in one case in five the system of added value did not work because of accounting problems caused by the fluctuations and where the management climate did not enable added value to be used.

Another frequent difficulty about using added value is that there needs to be complete openness about a company's performance and that is not always forthcoming—not even to fairly senior managers.

The indications are that in manufacturing companies where blue collar workers already receive productivity payments, staff accept the concept easily. But in commercial firms, although the idea of productivity pay is attractive, staff remain sceptical about how efficiently it can be measured.

Because of how automation in many white collar areas productivity schemes are often worked out without proper consultation, but after three years of pay cuts and with the prospect of a fourth, management can expect increasing numbers of white collar staff to be demanding a deal that at least gives parity with arrangements agreed for blue collar workers.

Christopher Thomas

Business Diary in Europe: Chimney clean sweep

Chimney sweeps may be fast in Britain, but they seem, still a force to be reckoned with in West Germany where they have themselves to be astute financiers when it comes to protecting—and to their interests.

German chimney sweeps backed by the opposition-controlled Upper House of law, the Bundestag, have introduced a Bill designed to force energy waste by the control of oil and gas. Checks on the given off by an oil or gas can show whether or not they are being used correctly and a warning flag is raised if the Government wanted to force appliances carry out checks as well as the who already check under Germany's clean air laws.

A test drilling for oil by Shell three miles offshore from the Pyrenean town of Tarbes was not the first sight very successful. At a depth of about 2,000 metres they found themselves "literally" in hot water and decided it was not worth going on.

But the town of Tarbes thought differently. Hot water may not be much use to a town with a monopoly company but it can be very



Personally, I should welcome the cheap wines of Greece, Spain and Portugal, though to be frank I don't think the Community would be wild about retsina.

Benefit from a better control of energy waste, but the consumer will almost certainly suffer through having to pay an engineer to maintain his or her heater and a chimney sweep to check it.

The three million francs needed for sinking the bore were duly raised and drilling has begun. If all goes well enough water at a temperature of between 70 and 80 degrees centigrade will soon be pouring out to heat and provide hot tap water for a new hospital, a university block, a technical college and a police barracks.

The cost of installing the geothermal scheme will mean that the heat will cost something like 90 francs a kilowatt-hour.

much the same as the cost in the 20 other urban heating schemes already operating in France. The difference is that the water is heated by a geothermal pool, while the hot water, once tapped, is free.

In 20 years' time, when the capital cost has been paid off, only the maintenance of the plant will have to be paid for.

Playboy socialist MP, Carlos Zayas, the constant companion of Spain's swingiest singer, European Song Contest winner, Massiel, stormed ashore at the weekend on the beach of the Balearic islet of Tassomagn, off the coast of Formentera itself is off the coast of Ibiza. He led a crowd which thinks that Tassomagn should be kept strictly for the birds.

With wine and pealla in hand, the invaders combined the protest with a Sunday outing as they called attention to plans by a Spanish-German group to turn the island—at present peopled only by birds—into a luxurious tourist complex complete with yacht basin.

While one in Spain has expressed public doubts about Zayas' interest in ecology, experienced political observers in Madrid did not miss the point that he happens to be the owner of one of the best of the few existing hotels on the island of Formentera.

Land developers are clashing regularly with nature conservers

in the Balearics these days. The Balearic Society of Ornithology and for the Defence of Nature has presented an appeal—accepting to reports published in the Spanish capital this month—against the approval recently given for a tourist complex on the island of Formentera, off the western coast of Mallorca. The society alleges that approval was granted without sufficient guarantees that the ecological balance of the island would be protected.

Nature lovers are on the march on the Spanish coast opposite the Balearics, too. The marshes at Castell de Empuries, near Gerona, were recently occupied by groups protesting against plans to build housing for tourists there.

After eight long years it at last looked as if things were going to return to normal at Banco di Sicilia, where the term of office of the chairman, Ciro de Martino, expired in 1969 and no succession has been appointed.

The five political parties supporting the Government—for such matters are highly political in Italy—finally reached agreement on a successor, as well as a number of other top bank appointments.

It was to be Giannino Parravicini, a banker, who for once is not a Christian Democrat but a Republican, and who comes from outside the island.

But they had reckoned without the reaction of the Sicilians, whose regional premier protested that this agreement had been made behind their backs and they would never accept it. The trouble is that, by law, the chairman of Banco di Sicilia is nominated by the treasury minister in Rome "in understanding" with the regional government.

The region has thus been able to block the nomination and has instead put forward the candidature of Giuseppe La Loggia, a Christian Democrat, Sicilian, chairman of the Chamber of Deputies budget committee and a friend of Senate president Professor Amintore Fanfani.

The Communists and socialists, both of whom are among the five government parties, have made equally plain that they want some one who is not a professional politician but is known for his capabilities as a banker. For the moment deadlock results.

Efforts are being made in the last few days before Government and politicians disperse for the summer holidays to see if the obstacle can be overcome.

A typewritten note from the Hungarian Embassy tells me that "shift drink consumption has gone up". Could you please stop that again?

Ross Davies

ANGLO-AMERICAN SECURITIES CORPORATION LIMITED					
Interim Financial Statement for the six months ended 15th July, 1978					
(Audited) Year ended 15th January, 1978		(Unaudited) Six months ended 15th July, 1978		(Unaudited) Six months ended 15th July, 1977	
3,892,342	Gross revenue	2,021,735		1,859,828	
653,894	Less Expenses and Interest	406,640		283,889	
3,238,443	Net revenue before taxation	1,615,095		1,555,935	
1,292,997	Less: Taxation	600,471		619,296	
1,945,446	Less: Preference Stock dividend	1,014,624		936,639	
81,223		40,611		40,611	
1,864,223		974,013		896,028	
1,682,136	Less: Interim Dividend	566,533		564,046	
£172,087	NET REVENUE RETAINED	£407,480		£331,982	
1p per share for the year	Dividend on Ordinary Shares payable on 25th August, 1978	1p per share		1p per share	
114½ p.d.	Ordinary Share at end of period	153½ p.d.		127 p.d.	
114½ p.d.	Ordinary Share assuming full conversion of Convertible Loan Stock	133½ p.d.		126 p.d.	
*Revenue figures are not comparable due to a dollar loan of U.S.\$6,750,000 raised in August, 1977, which was referred to in the 1978 Directors' Report.					
*The Net Asset Value includes the investment currency premium which at 15th July, 1978 was equivalent to 19½p per Ordinary Share (15th January, 1978—8½p per share, 15th July, 1977—30p per share).					
No provision has been made for any liability to tax on capital gains which may arise in the future on realisation of investments.					

Hull hopes for 2,000 jobs a year from new developments

After 15 months as a designated development area, the city of Hull is beginning to see that added incentives are beginning to pay off in terms of new industrial investment. Since April, factory expansion schemes have been announced by Van Leer (UK), the British Beef Corporation, Segal's the drapery people, and European Caravans. Another announcement is expected shortly, "a very large project" for making home improvement materials.

New jobs created are not impressive—40 here, 150 there—but Hull is not the kind of place that attracts vast factories employing thousands. By the same argument, recent closures, Ascor Caravans, Hedon Engineering, Sanderson Paint and some redundancies at Spencers, the building group, have meant relatively few job losses. While this may be of small comfort to the city fathers it is little consolation to the man who has lost his job and unemployment is still a major problem.

In Hull itself, the position in mid-July showed 15,700 out of work of which 11,252 were males. Total unemployment is running at 9.6 per cent and among males 11.1 per cent. Things are not quite as dull as they seem, however, for an estimated 2,000 jobs a year from new development over the next five years are confidently forecast by the city council. Part of this is thought to be due to development area status being granted, and partly to the improving situation in the economy nationally.

In a recent review of the past four years, Mr. Ian Holden, Hull director of industrial development, said that in financial terms the city had won an estimated £100m worth of new investment, accounted for by £40m expenditure on industrial premises, and about £60m on plant and machinery.

"This development programme," he said, "also involved an estimated 8,000 jobs of which about half were entirely new to the city."

In addition to the new factories already mentioned, six purpose-designed factories are being built for companies on Sutton Fields, the industrial estate, a new 20,000 square foot centre is going up and a programme of 21 advanced factories are under construction.

Office accommodation is being taken up. Of about half a million square feet of offices built recently only 50,000 square feet are now available. On the commercial front generally, Hull is tackling two major city centre projects over the next five years: the redevelopment of the old town area, and the

Industry in the regions

redevelopment of the town's docks estate, in which the city council will be the developer of a marina in two of the three closed docks.

The third dock will have a mixture of city and commercial development. The council believes that these multimillion-pound projects will revitalise the city centre and create new commercial opportunities.

As a part, Hull has had a good year. The net surplus before tax of £3.3m was recorded in 1977. The days appear to have gone when strikes were an everyday occurrence at Hull docks, and a lengthy period of harmonious industrial relations seems to be attracting new shipping services. In the past year 18 new services have been won, mainly to Europe and Scandinavia, but also expanding Middle East services which are gathering momentum in the mind of port officials.

Fishing remains a problem. As recently as 1975 up to 40 wet fish trawlers would be at sea at any one time. The freezer fleet, recently reinforced from Grimsby, stands at 33 vessels as opposed to 35 in 1975.

An estimated 1,200 to 1,500 fishermen are in work, and about 300 on the unemployment register. Many fishermen seem to be finding alternative port employment or North Sea oil jobs.

As is frequently the case in areas of high unemployment, there is a rising number of vacancies, but they are all in jobs for which the unemployed are not suited. Bricklayers, plumbers, painters and carpenters are wanted for the building trade; and draughtsmen, fitters, machine setter operators and copper-smiths may walk into jobs in engineering.

The shortage of skilled men is not peculiar to Hull. Industry generally is feeling the effects of cuts in apprentice training in past years, when economic restraints caused many companies to stop training.

On balance Hull is not despondent. Mr. Holden believes prospects for sustaining a faster rate of industrial growth are at their brightest for several years.

Ronald Kershaw

FINANCIAL NEWS AND MARKET REPORTS

South Africa is investing in the future of its mineral wealth

Johannesburg, Aug 6

If one could put political considerations aside, now would be the time to buy into South Africa as a promising recovery situation. And not because of gold. The potential lies in the country's other mineral wealth.

Last year, total earnings from gold amounted to R2,815m (£1,675m) while other minerals grossed in exports R2,710m. This year, the gap between gold earnings and those from other minerals can be expected to widen with the gold price soaring. But looking into the 1980s when gold output will tend to fall quite sharply as older producers fade away, South Africa's income from its other resources should more than compensate.

Coal exports alone which were around the R250m mark last year, could be close to R400m this year and are expected to earn R1,000m in 1980 when more than 40 million tonnes a year should be shipped out of the Richards Bay Terminal.

This is why the mining finance houses are investing long and hard in coal and base metals. They are committed to this country and they must invest in their expectations of profitable returns in the next decade. The search for gold does not inhibit plans for the exploitation of South Africa's other important mineral resources.

But the investment gamble is not simply a question of taking a chance in politics. The gamble is on markets—recovery in the United States and the ripple effect which an American recovery could have throughout the western world. Many markets are still suffering from the indignities of 1974 speculation and consumers' stockpiles will have to shrink sharply before prices recover. In other metals, mainly those associated with construction and plant investment, and with the iron and steel industry, will lag behind cyclical economic upturns. But the planners in

the mining houses here are going ahead, particularly in the consumption metals.

Gold fields, for example, are heavily involved in the Black Mountain project with Dodge Phelps in the Northern Cape. This R200m project will produce lead, zinc and copper. But it is the lead which is regarded as the most attractive mineral.

Although statistics suggest a declining market for this metal, there appears to be an even greater fall away on the supply side. And one of the advantages

Mining

of the Black Mountain project is the lead-zinc ratio, more lead to zinc compared with most other mining ventures.

Although not in the big league as an export mineral tin's R25m makes a useful contribution to the country's foreign earnings.

As in the case of lead, tin is a metal in which demand is shrinking—but so are supplies and as far as can be ascertained the Rooberg Development mine has reserves which should stretch beyond the turn of the century. Although there is every possibility of the world tin price losing some of its present frothiness, even with sales from the American stockpile, the price level can only move upwards in the years ahead.

This view of markets is motivating the company to make an investment of R1.5m to a refinery which will produce metallic tin. Up to now most of Rooberg's exports have been in the form of concentrates but metallurgical tests have proved that by developing a tailormade process the pure metal can be produced with the required purity and on a relatively low cost structure. It is believed that a decision will be made by the end of the year whether or not to go ahead with this development.

Antimony has been taking a beating as the consolidated Murchison Mine have shown. And recovery of the market is almost entirely dependent upon a surging American domestic economy. As fast as the metal was losing its market as a component of the United States motorcar battery industry, it was winning new uses in flame-proof finishes in the textile industry.

With copper and nickel in the doldrums, and dragging down Anglo American's and JCI's investments in Rhodesia and Anglo's big commitment in Botswana, the one producer of these metals which can comfortably ride the ebbs and flows of the market is the platinum metals show further price advances.

But where world recovery can bring big rewards to this country is in the ferro-alloy industries. Southern Africa's chrome reserves are the world's largest and even in current depressed markets, sales of ferrochrome add to a lesser extent ferro-manganese are still relatively buoyant. European and American producers have been alleging that the South African ferro-alloy producers have been dumping their output on export markets.

This allegation is, of course, strenuously denied. Local producers claim that greater efficiency, lower power costs and cheaper hauls of waste rock are the key to their price structure. And then there is uranium. Here the potential is tremendous. One uranium mine is already a by-product of gold, but positions being examined now indicate clearly that gold as a by-product of uranium will be the pattern in some not-too-distant investments.

Harold Fridjohn

Polly Peck reconstruction

Polly Peck (Holdings) today sends to shareholders details of the capital reconstruction aimed at eliminating a profit and loss account deficit of £385,000, which would effectively preclude the company from paying dividends for many years.

The directors are proposing to reduce the capital of the company by that amount by first writing off half the issued share capital turning every 10p

share into a 5p one. Secondly, the share premium account will also be reduced by enough to eliminate the deficit. If shareholders pass the idea, the Court, sanctions will also have to be obtained.

Mr Raymond Zeller, the chairman, comments that the company has also taken action to reduce the level of overheads so that it will be able to gain full advantage of any improvement.

SCIT looks to £7m pre-tax revenue

The Stock Conversion and Investment Trust is expecting near pre-tax revenue of £7m this year compared with £3.5m in the year to March 31. The forecast is made in the accounts published today.

The accounts show that shareholders' funds are up from £62.9m to £86.4m, 28p per share, while bank overdrafts fell from £1.9m to £1.5m while cash held steady at around £8.1m.

The value of properties is increased by about £3.5m to £93.05m because of some revaluations which threw up a surplus of £74,000, £1.2m from the inclusion of properties of Far Investment, which was fully acquired by the company during the year, and £1.44m by development costs.

TE ABRASIVES

The chairman of Tex Abrasives, Mr. Evelyn Jones, said that turnover will increase in current year. But he adds that he can only be hopeful "that profit will increase. He says there is little scope for increasing profit as price to the company's position as price leaders in its main activity."

G. H. DOWNING

The building and refractories maker, expects to hold its share of the market this year. Mr D. S. Hawley, chairman, said that roofing tile sales had been good, the refractories division had a difficult year. But electrical engineering output had increased. Downing's pre-tax profits for year to the end of March was £1.71m.

Business appointments

Additions to board of Barrow Hepburn Group

Mr G. J. Tythard becomes an executive director of Barrow Hepburn Group from August 15. Mr R. E. C. Woodley and Mr E. B. Spencer are also joining the board as non-executive directors.

Mr David Ross has been made financial controller by Walton have become assistant managing directors BICC Cables. Mr E. C. Woodley to be executive director BICC General Cables. Mr H. H. Phillips, Mr E. C. Woodley and Mr E. S. W. Worsell have been made directors of BICC cables.

Mr Keith Steel is now a director of Broken Hill Proprietary. Mr Ian Bell becomes managing director of Howard Rotator. Mr John Austin continues as chairman. Mr Geoffrey Halshead has been made deputy chairman of James Halshead (Holdings).

Mr Gordon Jenkins, general sales manager Lyons Maid, has become a director of Lyons Bakery and managing director of SPK and of Linden Bakery. He takes over from Mr D. C. Johnson, recently appointed operations director, sales, marketing and distribution.

Mr R. N. Skinner has become deputy managing director of Reliance Systems. Mr Stanley Ray joins the board.

Mr John Clarke has been made chairman of Terrapin Building and Civil Engineering.

Mr Drew Woods joins the board of Allied Suppliers as marketing director.

Mr Peter Phillips, a former director of Morgan Grenfell International, has joined Crocker Bank's international division as vice-president in charge of merchant banking activities in its Asia-Pacific region.

Commercial Union is expected to be high-flyer of insurance results

The keenly awaited composite insurance interim reporting season gets under way this week with results from Commercial Union today and the Perth-based General Accident on Wednesday.

Commercial Union, starting from its lower profits base, is expected to be the high-flyer



Mr I. H. Stuart Black, Chairman of General Accident.

This week

of the sector this time round and brokers Cape Cure Myers will be looking for around £63m against £38.2m last time.

A fairly good second quarter in America and few problems at home should give the group an underwriting profit for these three months reduction the overall underwriting loss for the first half of the year to around £1m. And Cape Cure is projecting their forecast to £13m for the year against a previous £9.8m.

General Accident, hit more by the poor first-quarter weather at home, could have an underwriting loss in the region of £5m for the first half and this could hold back pre-tax profits to some £35m against £31.5m.

Buying ahead of final figures on Thursday has helped the share price of Heron Motor Group lately. Last year, the group topped in £2m and this time round analysts are anticipating around £3.2m, though some are looking for as much as £3.5m.

Tov and giftware group Cowan, de Groot will be unwrapping full-time figures tomorrow. At the interim stage the group stepped up pre-tax profits by around 13 per cent

and market men expect this upturn to be maintained. This would give final figures of around £2.1m against £1.8m last time.

The group has already forecast a 31 per cent increase in the dividend and go a share price of around 75p, a p/e of 9 and a prospective yield of around 4.6 per cent.

This week also sees a fairly hefty batch of economic news, starting today with the provisional wholesale price index for July and hire-purchase and other instalment credit for June.

Tomorrow the Bank of England will be announcing UK banks, eligible liability and reserve asset figures while on Wednesday the Central Bank's financial transactions, including the borrowing requirement, will be revealed. Bringing up the rear, on Friday, will

Higher consumer spending has helped food industry revival

The food industry seems to be picking up. After a profit-pounding from the big grocery chains and their price war margins are expected to widen in the second half of this year, thanks partly to higher consumer spending. This is a theme common to a food manufacturing industry, revived from broker Phillips & Drew and a food industry monthly report by Williams de Broe Hill Chambers.

The Phillips & Drew bulletin was written by Mr Hector Scott and Mr Jerry Wielechawski. They calculate profits growth of around 20 per cent in the second half of this year.

Cuts in discounts on bread sales by both Associated British Foods and Ranks Hovis McDougall, as well as Spillers departure from breadmaking should mean more acceptable margins.

So RHM with a third of the bread market now should see profits growing strongly in 1978-79. However a thin earnings cover off sets a good yield, and the shares do not look significantly undervalued.

However the authors do like the shares in Associated British Foods. The group is helped both by events in bread, and by an easing of the price war in retailing. They should assist its Fice Fare offshoot.

For all that Spillers should be on the way to a fine recovery in profits, the high gearing and

unlikelihood of so early dividend restoration mean that the shares are still speculative. The shares in United Biscuits and Associated Biscuits are thought reasonable.

The writers do not like either Rowntree Macintosh or Cadbury Schweppes. The first could see profits growing more slowly

Brokers' views

and the yield is below average. The second faces stiff competition in confectionery and trading conditions for their food and drink divisions is described as uncertain.

By contrast Mr R. A. K. Brand of Williams de Broe says that the broker remains a buyer of Rowntree Macintosh on the grounds that confectionery remains buoyant and the outlook for cocoa favourable.

This broker also remains a strong holder of Ranks Hovis McDougall for income and medium-term growth. He gets marks for writing of J. Lyons, the events of J. Lyons share price reflects speculative buying on rumours of a major asset disposal or a full takeover bid, either of which must remain a possibility.

Mr Brand, thinks that, Uni-

be the Building Society and loans for July.

TODAY—Interims: Commercial Union and Oceanic Finance. Finals: C Gearing Trust, Clifford Snell, Gold and Base Mines, Hambro Trust, H Shuttering (Holdings), and Robinson and V Industrial.

TOMORROW—Interims: motive Products, Aquis Sides, Davies and Mercantile Inv. Trust, Rentokil Group, Finals: (Wm) and Sons, (Sheff) Cowan de Groot, Group tors, Wm Jackson and Benjamin, Priest and (Higgs).

WEDNESDAY—Interims and Wilborg, Bernard W J. Bibby and Sons, Carr Viyella, General Accident, well Mount Charlotte Inv. Vogensrusbut, Metal, E Beon Bros, Dura Mill, Higgs, Rume Higgs, Le Int. (Final figures), and Bros.

THURSDAY—Interims: son Bros, Augmented Se Higgs, J. Clarke and Dinkie Heal, Securitor and Security Services, F A G B Research, W G and Sons (Tipton), British Col Carbonising, David and Sons Higgs, Gold Property, Heron Motor, Midland Educational Co, Wiltwatersand Gold Explo Scottish Homes Inv.

FRIDAY—Interims: Alf Bank Nederland and R Inc. Finals: Langton Tra (Higgs), and Smith White Alison Mitchell

Alison Mit

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